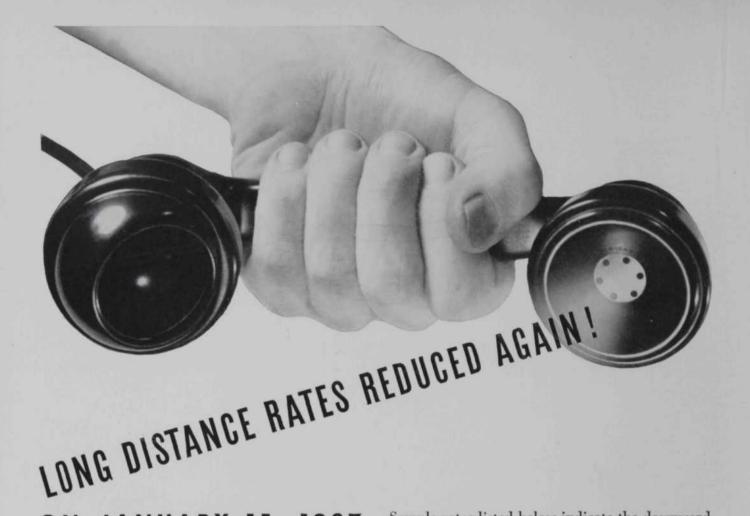
NATION'S BUSLINESS



Can We Trade and Avoid War by Senator Key Pittman • Here Comes the Super-Market by M. M. Zimmerman • Washington and Your Business



JANUARY 15, 1937

Eight reductions in about ten years have substantially cut the cost of Long Distance telephone service.

The latest reduction in Long Distance rates became effective January 15.

Many interstate rates, for calls of more than 42

miles, are reduced. These reductions apply to all day and to many night and all-day Sunday rates for such calls.

The reductions for the first three minutes range from 5c to \$1, depending on distance.

It costs less now to do business in distant cities-quickly, personally. It's easier for far-apart friends to keep in close touch.

Sample rates listed below indicate the downward trend during the last decade. Quality of transmission and speed of service have been markedly improved in the same period. The average time required to establish a Long Dis-

tance connection was over five minutes in 1926 - is less than a minute and a half today.



HOW LONG DISTANCE RATES HAVE BEEN CUT AS THE RESULT OF 8 REDUCTIONS IN THE LAST TO YEARS:

RATES FOR 3-MINUTE DAYTIME CALLS		Station-t	o-Station	Person-to-Person		
From	То	January 15, 1926	Jan. 15, 1937	January 15, 1926	Jan. 15, 1937	
Cleveland	Detroit	\$.65	8 .50	\$.80	8 .70	
New York	Washington	1.35	.85	1.65	1.20	
Chicago	St. Louis	1.70	1.00	2.10	1.35	
Detroit	Washington	2.50	1.30	3.10	1.75	
Philadelphia	Asheville	3.15	1.55	3.90	2.05	
Buffalo	Nashville	4.15	1.95	5.15	2.60	
Chicago	Dallas	5.05	2.30	6.30	3.00	
Boston	New Orleans	8.60	3.75	10.75	4.75	
Baltimore	Salt Lake City	11.90	5.00	14.85	6.75	
New York	San Francisco	16.50	6.50	20.60	8.75	

LOOK AT PLYMOUTH COSTS PER THOUSAND MILES

The Car that Stands Up Best-

Plymouth is not only BUILT TO LAST—to KEEP ON running right—but Fleet Owners and Traveling Representatives in all lines find that Plymouth COSTS LESS TO OPERATE than any other Full-powered car!



Business Men, with a sharp eye on travel costs, are praising Plymouth's over-all economy in no uncertain terms. And they're saying it with orders for more Plymouth cars.

No other low-priced car has so many proved economy and durability features. Plymouth has a rigid X-type frame...calibrated ignition...full-length water jackets and directional cooling...four-bearing crankshaft...Hypoid rear axle.

The powerful, 6-cylinder engine is of simple, "L-head" design...with a compression of 6.7 to 1 on regular gasoline. The all-steel body is cushioned from the frame by live rubber mountings... famed Floating

18 TO 24 MILES per gallon, according to owners... many dollars saved on oil, tires, repairs and all upkeep items.



SAVINGS, too, in the smooth, doubleacting hydraulic brakes...equal pressure to each brake shoe of each wheel.

Power engine mountings absorb the strains of engine vibration.

Compare "All Three" lowpriced cars...on size...on handling ease and riding comfort...on safety and resale value! Most important, check up today on Plymouth's lower operating costs...and see why it's the car that stands up best!

PLYMOUTH DIVISION OF CHRYSLER CORPORATION, DETROIT, MICH.



PRICED WITH THE LOWEST

Thebeautiful, big 1937 Plymouth is very easy to buy. The Commercial Credit Company offers convenient terms, as little as \$25 a month, through all De Soto, Chrysler and Dodge dealers.

PLYMOUTH BUILDS GREAT CARS



TO HER HELL IS ONLY A NAME FOR METAL

... she doesn't even give it a thought—yet everything

she does—everything she eats—and wears—and uses, depends in some way on steel—much of it alloy steel—much of it produced in Republic mills.

She has a stainless steel sink—stainless steel

She has a stainless steel sink—stainless steel utensils and tableware. Her stove, refrigerator, washing machine, vacuum sweeper, telephone, radio—all employ steel. The motor car in which her children ride to school couldn't have been built ten years ago, because many of the new alloys that make it so much lighter, stronger,

faster, better, were not produced a decade ago.

Steel holds a place of tremendous importance in the lives of all of us. Republic has been a leader in the development of the newer, better alloy steels—and is today, their largest producer.

Steel today is much more than a name for metal. It is the key to better products and greater profits. Republic representatives know steel—and what can be done with it. They are well qualified to discuss it with you in the light of your particular production, sales, and merchandising problems.

REPUBLIC STEEL CORPORATION

REPUBLIC BUILDING, CLEVELAND, OHIO . DISTRICT SALES OFFICES IN ALL PRINCIPAL CITIES



HOW TO WIN FRIENDS AND INFLUENCE PEOPL

OHN D. ROCKEFELLER, SR., once said: "The ability to deal with people is as purchasable a commodity as sugar or coffee. And I will pay more for that ability than for any other under the sun."

Wouldn't you suppose every college would conduct practical courses to develop this "highest-priced ability under the sun? To our knowledge, none has.

How to develop that ability is the subject of Dale Carnegie's amazing new

A few years ago Chicago University and the United Y.M.C.A. Schools made a survey to find out the prime interest of adults. The survey took two years, cost \$25,000. It indicated that their first interest is health -and their second, how to understand and get along with people; how to make people like you; how to win others to your way of thinking.

Wouldn't you suppose that after the members of this survey committee had decided to give such a course, they could readily have found a practical textbook? They searched diligently-yet could find none suitable.

The book they were looking for was published only a short while ago, and became an overnight best seller. 25,000 copies were sold in one week alone. It is the most popular non-fiction book in America today!

A New Book—the Man Behind It

This book is called *How to Win Friends and Influence People*—and is written by the one man perhaps better qualified to write it than anyone else.

Dale Carnegie is the man to whom the big men of business come for practical guidance on getting along with people successfully. During the last 24 years he has trained more than 15,000 business and professional men and women—among them some of the most famous in the

When he conducts his course on How to Influence People and on Public Speaking in the ball-room of the Hotel Commodore or The Pennsylvania, or the Hotel Astor (second largest hall in New York), it is packed to capacity. Large organizations—such as The New York Telephone Co., Westinghouse Electric and Mfg. Co., and many others listed elsewhere on this page—have had this training conducted by Mr. Carnegie for their executives. their executives

This new book grew out of that vast laboratory of experience. As the panel at the top of this page shows, it is as practical as 24 years' success with the problems of thousands in all walks of life can make it.

The Case of Michael O'Neil

Michael O'Neil lives in New York City. He first got a job as a mechanic. When he got married he needed more money. So he tried to sell automobile trucks. But he was a terrible flop.



LOWELL THOMAS

Most Famous News Commenta-tor in the World says about Dale Carnegie:

"I have known him for 20 years. This man, by inspiring adults to blast out and smelt some of their hidden ores, has created one of the most significant movements in adult education. He is indeed a wizard in his special field."



THIS IS A BIG BOOK OF THIRTY-SEVEN CHAPTERS, INCLUDING:

The Big Secret of Dealing with People Six Ways to Make People Like You Instantly An Easy Way to Become a Good Conversation-

A Simple Way to Make a Good First Impres-

How to Interest People

Twelve Ways to Win People to Your Way of Thinking

A Sure Way of Making Enemies—and How to Avoid It

The Safety Valve in Handling Complaints How to Get Cooperation

A Formula That Will Work Wonders For You The Movies Do It. Radio Does It. Why Don't You Do It?

Nine Ways to Change People Without Giving Offense or Arousing Resentment

How to Criticize-and Not Be Hated for It How to Spur Men on to Success

Making People Glad to Do What You Want Letters That Produce Miraculous Results

Seven Rules for Making Your Home Life Happier

An inferiority complex was eating his heart out. On his way to see any prospect, he broke out into a cold sweat. Before he could get up cour-age to open an office door, he had to walk past it half a dozen times.

When he finally got in, he would invariably find himself antagonizing, arguing. Then he would get kicked out—never knowing quite why.

He was such a failure he decided to go back to work in a machine shop. Then one day he re-ceived a letter inviting him to attend the opening session of a Dale Carnegie course.

"It may do you some good, Mike, God knows you need it"

ONLY

IF you decide

He didn't want to go—was afraid he would be out of place. But his despairing wife made him, saving, "It may do you some good, Mike, God knows you need it."

He went to the meeting. Then he attended the other meetings of the course. He lost his fear, learned how to talk convincingly, how to make people like him at once, how to win friends and influence others.

Today Michael O'Neil is a star salesman for one of the country's largest manufacturers of motor trucks. His income has skyrocketed. Last year at the Hotel Astor, he stood before 2500 people and told a rollicking story of his achievements. Few professional speakers could have equalled his confidence—or his reception.

his confidence—or his reception.

Michael O'Neil's problem was exactly the same as that of thousands in other fields—the fundamental one of getting along with people. He is just one example of what Dale Carnegie's help has meant to more than 15,000 others in all types of endeavor. What Dale Carnegie has done for them he can do for you. Look at the chapter headings. They indicate the amount of hard-hitting priceless information his book contains. But the subject is so intensely important that we say, look at this book without obligation. Then decide whether or not you want to own it.



DALE CARNEGIE

Dale Carnegie is the man the men of business come to for practical instruction in getting along with people. During the last 24 years, he has trained more than 15,000 business and professional menmore than any other living man.

Westinghouse Electric & Manufacturing Co.

Large organizations such as
Westinghouse Electric &
Manufacturing Co.
New York Telephone Co.
Bell Telephone Co. or
Pennsylvania
American Institute of
Electrical Engineers,
New York
McGraw-Hill Publishing
Co., New York
McGraw-Hill Publishing
Co. of Life Underwriters

have had this training conducted in their own offices for their executives.

This new book grew out of that vast laboratory of experience—the first and only laboratory of its kind in existence.

SEND NO MONEY

Try Dealing THIS WAY with People -for just FIVE Days!

This book has been published only a short time. Yet it is already a best seller. The presses are now running continuously to turn out 5,000 copies each day!

When you get your copy, simply read it: there are no "exercises" to practice. Then try for five days Dale Carnegie's simple method of dealing with people. Judge for yourself, in your daily life, how easily whatever you do, say, or write can win the friendship and hearty cooperation of others—instead of arousing resentment, friction, or no action at all.

It is not necessary to send any money now. You may pay for "How to Win Friends and Influence People" when it is delivered—with the definite understanding that its price of only \$1.96 will be refunded to you if you wish it. If this book does what we claim, it will mean more to you than ANY book you have ever read. If it doesn't, we do not want you to keep it. Mail this coupon at once.

SIMON and SCHUSTER, Dept. 63, 386 Fourth Ave., New York

SIMON and SCHUSTER, Publishers Dept. 63, 386 Fourth Ave., N. Y. C.

Please send me How to Win Friends and Influence People. I will pay postman only \$1.96 plus few cents postage charges. It is understood that I may read it for 5 days and return it for refund if I feel that it does not in every way live up to the claims made for it

Name			
Address			
City		State	

Check here if you prefer to enclose \$1.95 WITH this coupon; in that case WE will pay the postage. Same refond privilege applies of course.

NOTE: If resident of N. Y. City add 4e for City Sales Tax.



Great enterprises require great equipment. Here is one of the Payne International Model A-8's in action on the bank of the Columbia River. Stamina built into every part of the chassis and engine qualifies the truck to do such work at maximum efficiency, at minimum cost.

AT Grand Coulee on the today over this period of time Columbia River, the than any other trucks we ever greatest dam construction job ever undertaken, Mrs. C. M. Payne, of Spokane, head of the C. M. Payne Contract Trucking Company, has plenty to do with trucks—her own trucks.

To say that Mrs. Payne is pleased with her International Trucks is putting it mildly.

Mrs. Payne says:

"Our Internationals at Grand Coulee work three shifts around the clock daily, seven hours to each shift. They have worked practically every day since we put them on the job. And they have operated at less cost from day branch about it.

than any other trucks we ever owned. Furthermore, International Harvester knows the contractor's problems, and International service is so nearly perfect that it is in a class by itself."

International's supremacy in heavy-duty work is paralleled in every hauling field. International Harvester will be glad to find the right solution to your hauling problem whether you handle a halfton of merchandise for a city store or ten tons of mud from a river bed.

Ask any International dealer or Company-owned

606 So. Michigan Ave.

INTERNATIONAL HARVESTER COMPANY Chicago, Illinois

INTERNATIONAL TRUCKS

QUESTIONS our readers are asking:

are asking:
1 • WHY might the fact that we sold goods to a country that was at war lead us into it? ANSWER ON PAGE 15
2 • WHO will be the "six young men" whom President Roosevelt wants in the reorganization? ON PAGE 17
3 • WHY didn't the National Labor Relations Board use its power to stop the motors strike? ON PAGE 19
4 • ARE these new "super-markets" just a fad or will people continue to patronize them when the novelty wears off?
5 • IF business men can't stop unfair practices and Government can't, who's going to do it? ON PAGE 23
6 • DOES a fellow with an idea and not much else still have a chance to get anywhere in this country? . ON PAGE 26
7 • HOW far is the C.I.O. going? What is likely to be its next move? ON PAGE 33
8 • WHAT does the employee see in a labor union that he can't see in his employer? N PAGE 33
9 • AFTER I make my income tax return what kind of people check it to see if it's right or wrong? ON PAGE 35
10 • DO meetings like the Pan-American Peace Conference actually accomplish anything? ON PAGE 44
11 • IF they pass this federal licensing law will it cover just the big fellows or will I have to get a license, too? ON PAGE 52
12 • DO welfare departments in retail stores do anything or are they just something to talk about? ON PAGE 59
13 • ARE chamber of commerce secretaries just boosters or do they really know what's going on? ON PAGE 66
What is Coming in April

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NATION'S BUSINESS . CHAMBER OF COMMERCE OF THE UNITED STATES

VOLUME 25 Merle Thorpe, Editor & Publisher

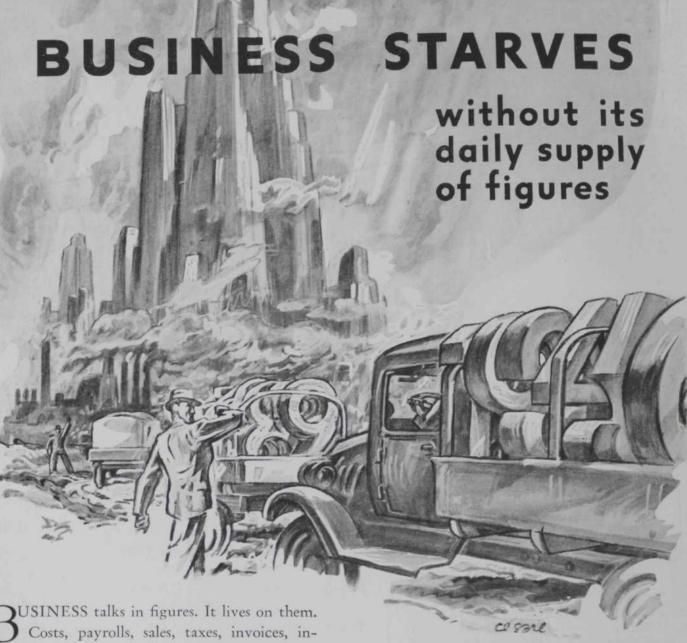
NUMBER 3

Managing Editor, RAYMOND C. WILLDUGHBY; Assistant Publisher and Business Manager, F. R. V. LYNCH; Director of Advertising, E. V. THOMPSON; Circulation Manager, LAWRENCE F. HURLEY.
GENERAL OFFICE—Washington, U. S. Chamber Building, Branch Offices—New York, Graybar Bldg. San Francisco, 433 California Street. Dallas, 1101

Turn to Page 92

Commerce St. Chicago, First National Bank Building. Atlanta, Chamber of Commerce Building. As the official magazine of the Chamber of Commerce of the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.





BUSINESS talks in figures. It lives on them. Costs, payrolls, sales, taxes, invoices, interest, inventories, statements—the raw figures pour into every business, every day. The more simply, quickly, and cheaply the figures can be turned out in useful form, the more profitably your business operates.

Monroe's whole function for 25 years has been to speed up the flow of business figures—to simplify and cut the cost of getting them. A nation-wide Monroe figure service operates through 150 Monroe-owned branches. Whether you need an adding-calculator, an adding-listing, bookkeeping, or check writing machine, Monroe has the model to fit your individual work exactly.

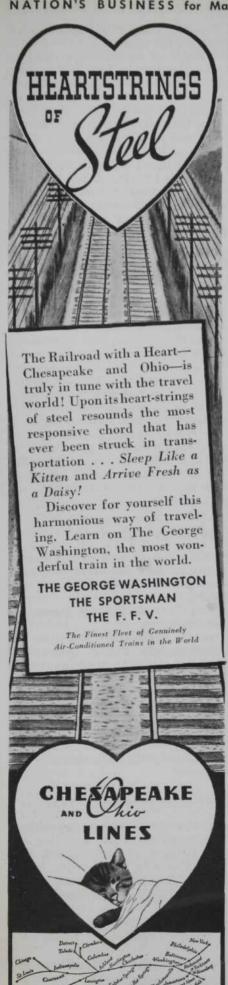
Each Monroe is simple to operate, is speedy and flexible; and each one has the famous "Velvet

Touch" keyboard that takes the strain out of figuring.

Phone the nearest Monroe branch. Ask to see a "Velvet Touch" Monroe at work on your own figures. There is no obligation. Write us for the il-

lustrated booklet, "If Only I Could Work on Your Desk for an Hour." Monroe Calculating Machine Company, Inc., Main Offices, Orange, N. J.





Through the EDITOR'S SPECS

Lest we forget

"I appeal to men to reiterate and sustain the doctrine, that the man who builds a factory builds a temple, that the man who works there worships there, and to each is due, not scorn and blame, but reverence and praise."

CALVIN COOLIDGE

Social security, old style

GROUP insurance reached a new peak in 1936 with an estimated total of \$12,000,000,000 in force at the end of the year. The figure covered 7,600,-000 employees and protected them on the average to the amount of about one year's wages. These totals represent a gain of \$900,000,000 in insurance in force and of 600,000 in employees covered, compared with

Approximately 100 companies participated in the group writings in the past year.

Group annuities matched the gain in group life insurance. By report of Thomas I. Parkinson, president of the Equitable Life Insurance Society, employers are showing an increasing interest in old-age benefits for employees-reason, the relatively small annuities provided in the Federal Social Security Act. Result is that many employers have arranged with insurance companies for group insurance plans to supplement federal benefits.

In general, the employers have matched dollar for dollar the contributions of employees toward the purchase of annuities based on future years of service.

Office desk age

"WHEN one gets old one gets bent." That's what is sometimes said. But Dr. Edgar Cymax thinks we should reverse it.

"When one gets bent, one gets old." Poor posture, says the Doctor, ages the heart as well as the rest of the

"Continued poor posture at desks by middle age leads to rigidity of muscles, and cardiac innervation may be responsible for some of the cases of sudden heart failure in subjects in

whom no organic disease of the heart has been detected during life or after death.'

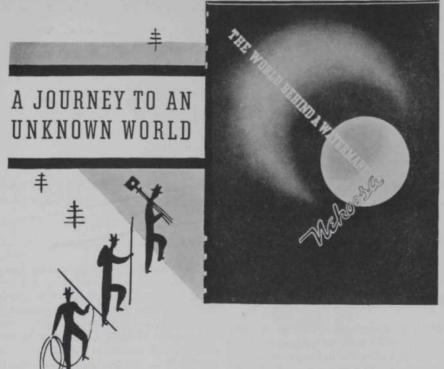
Fame for working cows

TIME was when a cow had to jump over the moon or set fire to a town to get any notice outside of working hours. Giving her all to her country's milk pails has not been enough to attain social recognition. Is the bovine world a democracy, or isn't it? a group of Chicago business men would like to know. They feel that too long the cows that answer to the name of "Bossy" have not had places in the social register of cowdom, while others with names like "Princess Eugenie III," have found it easy to win recognition with aristocratic family history. Toward remedy they have organized a local branch of the American Dairy Cattle Clubs of which John D. Rockefeller is one of the founders. Recognition of the worthy plain cow is the Club's object. The local group, known as the Chicago Farmers, is made up of 291 Loop business men who own farm land.

J. Rockefeller Prentice is president of the Chicago group. He says he has records showing that, of the 400,000 cattle in the dairy-herd improvement associations of the United States, 325,000 cannot get into the cow social register of the pure-bred cattle organizations.

Freedom with a vengeance

WHILE Moscow was trying 17 former officers of the State for alleged subversive activities, New York newspapers reported a public meeting of 20,000 Communists in Madison Square. What they said about affairs in Russia and their denunciation of the exiled Trotsky was expressed in a stage setting red enough to have warmed the heart of Stalin himself. A mask of Lenin decorated the speakers' space. And never was free speech freer. There were "speeches, pageants, resolutions, and more speeches." Earl Browder, Communist presidential candidate at the last election, aired his views, gave it as his opinion that Mr. Roosevelt was



A forest of ninety million trees, an artificial lake fifteen miles around which is scientifically purified twenty-four hours a day, laboratories with a host of strange devices . . . these are a part of the large world which produces bond, ledger and mimeograph papers with the new watermark-NEKOOSA. • Visit this world through the fascinating pages of a novel book, "The World Behind a Watermark." To create this book for you, persevering photographers poked their cameras into secret places. Paper scientists patiently explained the mystery of how paper is made to satisfy modern needs. The resulting word and picture story will give paper users a new idea of the real facts behind a well-made sheet of paper. • This book proves the statement that Nekoosa Business Papers are pre-tested at the mill for every quality which modern paper buyers demand. It presents convincing evidence that the surest way to eliminate guesswork in paper buying is to specify Nekoosa Pre-Tested Business Papers: NEKOOSA BOND, NEKOOSA MIMEO BOND, and NEKOOSA LEDGER. . A large edition of the book is being printed, but the demand for it should be heavy. To be on the safe side, request your copy now by signing the coupon below and attaching it to your business letterhead.

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NAME

ADDRESS N.B.3-37

"compromising or betraying the mandate of the election."

The most cogent commentary on that utterance is the fact that nothing happened. Comrade Browder said his say without molestation of the police provided by a capitalistic society for the protection of the demonstrators. No one was carried off by secret agents of the ruling regime. No participant disappeared from the ken of his friends. "Exile" is a word with no worries for doctrine mongers in America. Comrade Browder can fulminate as long as he likes, and Government will not curb his tongue.

No man has to know his country well to come to knowledge of its flaws. What the critics of the familiar order of American life regularly ignore is the security that they enjoy while they laud foreign ways of life which are notoriously inhospitable to criticism. What passes for "liberalism" comes to its fullest expression under the protective wing of the tolerant "conservatism" it so roundly abuses. To expect critics of the established order to praise the freedom which makes their complaints possible is out of all experience. Were our society cut to an alien pattern loss of the liberty now so lightly valued by the advocates of change would at once become a matter for realistic regret.

Our restless factories

SOME of the old saws, as well as other dependable tools, have been rendered obsolete by industry. For example:

You Can't Make a Silk Purse out of a Sow's Ear.

At the Centennial Celebration of the American Patent System in Washington recently an elegant white "silk" evening bag, supple and lustrous though made literally of the transfigured hairs of the proverbial sow's ear, was proudly carried by a lovely lady whose velvet wrap with fur collar, sandals, hose, and flowers in her hair were all gorgeous—but synthetic.

Copy-book headings-1937

THE new economics, too, necessitate the discarding—or the amending, of some of these old moral stimuli.

THE PROOF OF THE PUDDING IS IN THE CONSUMER'S BULLETIN.

A THRIFTY MAN AND HIS MONEY ARE SOON PARTED.

A PENNY SAVED IS A PENNY EARNED—FOR THE TAX-GATHERER.

Bureaucracythe universal burden

INEFFICIENCY and waste are no respecters of economic systems. This

holds true whether they are developed in the hard school of experience or emerge full grown at the behest of political authority. Whatever the differences in design, they have the human factor as a common characteristic. Therein is their liability to friction and failure. What so often appears as the ideal when viewed from afar frequently turns out to be a structure of clay once a closeup is possible.

Russia's current drive against bureaucracy in factories provides an object lesson in point. A mission back from these shores reported that 600 American workers produced as much as 1,700 Russian workers. Weakness of the Russian system, as traced by the Commissar of Heavy Industry, centered in the burden of "overhead" costs.

In one plant it amounted to three office workers, supervisors or bosses to each skilled worker. Only 30 per cent of Soviet factory employees are engaged in production, reported the mission, as compared with 75 per cent of the workers on American pay rolls.

A newspaper taking up the Government's campaign asserted that mere imitation of American industrial methods is not enough. Needed, it said, is organization in the American manner, and a slashing of the checking, rechecking, inspection and direction which run up costs. Bringing thousands of American engineers to Russia has not done the job in view.

No good to send mission after mission if their recommendations always encounter the adamant opposition of entrenched job holders.

Weeding out the sinecures is a labor in which citizens of all lands could well put their heads and hearts. That it is complicated with political recalcitrance the Russians are discovering for themselves.

Unless the thrill of that disclosure be the compensation for turning up the fact at home, they could have had the same truth over here for the looking. This generation of American taxpayers is grappling with the high cost of bureaucracy and will, no doubt, pass it along to posterity as an integral part of the American tradition.

Whom the motorist keeps going

EVERY sixth business house or service establishment in this country can thank the motorist for its lease of economic life. Moreover, every seventh person with a job in wholesale, retail and service trades owes it to the operation of automobiles. So reasoned the highways users conference at a meeting in Washington. As they saw it:

IMPORTANT ANNOUNCEMENT

Alexander Hamilton Institute

OFFERS A NEW PLAN OF

Executive Training

THE next five years, even though they be years of prosperity, will prove a more severe test of personal and executive competence than any similar period in the past. Men who want to win financial independence must meet a new set of requirements. There will be none of the indiscriminate, getrich-quick prosperity of the last boom. A higher order of business knowledge, executive training, and understanding of the new rules of industry will be the price of better-than-average income.

For twenty-seven years, The Alexander Hamilton Institute has been meeting each new business period with a plan of business and executive training geared to the needs of the day. Thousands of men have profited by this training, including many who are now heads of leading American corporations. NOW to meet fully the new conditions and new problems of TODAY, the Institute has formulated a NEW PLAN that will meet most effectively your personal requirements for growth and progress; that will equip you to command a higher place in American business life.

In this new executive training, the Institute offers you the ideas, experience, and judgment of the most successful business men in the country, formulated and organized to give you a confident mastery of tested, modern business principles and methods. Its value is beyond price to any man with enough vision and ambition to accept it.

If You Are Seeking Financial Security Send for "FORGING AHEAD IN BUSINESS"

THIS is a new edition of the famous book that has started so many thousands on the road to greater-than-average success. To you its value depends entirely on yourself, on what you want, and on how strong your determination is to get it. Most readers of this page will not even bother to send for this book. Some will send for it and do nothing about it. A few will read it, will grasp the importance of its message, and will go ahead to win greater influence and larger income. To the right man, the information

and inspiration of this book can mean financial independence.

Among the dozens of American business leaders who have helped to build the Institute's Course and Service are J. C. Penney, Chairman, J. C. Penney Co.; C. M. Chester, Chairman, General Foods Corp.; David Sarnoff, President, Radio Corp. of America; Thomas J. Watson, President, International Business Machines Corp.; J. S. Tritle, Vice-Pres., Westinghouse Electric and Mfg. Co.



WHAT will it mean to you to have daily access to the experience and judgment of such men, to get their viewpoint, to profit by their experience? If you are thinking seriously of the business and financial problems of the next few years, "Forging Ahead in Business" was written for you. The coupon will bring a copy free.

TO THE ALEXANDER HAMILTON INSTITUTE 106 Astor Place, New York, N. Y.

Please mail to me, without cost or obligation, a copy of "Forging Ahead in Business."

		n	

Business Address

Position

AN ADVERTISEMENT OF THE WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY . EAST PITTSBURGH PENNSYLVANIA



Darkness once yielded only to the Sun. Today it bows to new and formidable opponents . . . powerful lights, that owe their brilliance to electricity.

"PLAY BALL!" The sun has long since set, yet the flash of the tiny white sphere from the pitcher's hand is as visible as in midafternoon. The crack of the bat sends an outfielder tearing backward. Your eye follows the ball in its zooming arc. The contest is on!

In fact, two contests are on—and the one between Darkness and Light is infinitely the more significant. That battle is waged not only upon the playing fields. Nightly it is fought on highways and air lanes—in homes and on quiet residential streets—in public buildings, auditoriums and great industrial plants. And everywhere, the conquest of darkness by electric light adds to safety and public welfare.

"It can't be done, but here it is!" might well be the motto of the Westinghouse research engineers who have aided the cause of Light in this once-unequal contest. To them goes credit for years of development and application of incandescent, sodium, and mercury lighting — and for the art of "painting with light." The Westinghouse "Circle-W" trade-mark will be found today on efficient lamps and lighting equipment serving every home and industrial purpose. It is a never-failing guide to better illumination at lower cost.



The name that means Everything in electricity

Approximately one out of every six wholesale, retail and service establishments, or a total of 374,095 out of 2,395,156 such establishments, depends upon the automotive, petroleum and allied trades for its existence. Those trades, according to the 1935 figures, account for 15.3 per cent of the total pay roll of the nation's wholesale, retail and service establishments, or \$935,350,000 out of \$6,119,917,000.

The volume of sales for all wholesale, retail and service business totalled \$76,-941,600,000, of which \$11,856,699,000 represented purchases by motor vehicle owners of all classes.

Totals do not include figures covering highway construction and maintenance, automobile production, petroleum production, motorbus driving, intercity truck driving and similar activities. Nor do they include corresponding figures for industries which supply materials. Neither do the totals reflect automotive business of firms with major interests in other fields.

Signs of the times

ON THE boards of a local theatre:
BIG DOUBLE FEATURE SHOW:
MAE WEST
MICKEY MOUSE

These, all in the same block in New York City, your choice of:

CASSANDRA'S BEAUTY SALON ITSI BITSI BEAUTY PARLOR BONAPARTE'S BEAUTY PARLOR

Current movie attraction as adver-

VIRTUE—SAUCY! SNAPPY! DARING!

Color menu of the season. For gowns:

BLUE SPRUCE

BALMORAL
PARADISE BLUE
CORONATION
CREOLE
and
DRY TOAST

Lanterns headed for limbo?

AS new-fangled railroading puts an ever sharper accent on speed and efficiency, picturesque implements of older practice make place for the new and improved. From Chicago comes word that the oil lantern has been ordered abolished on Illinois railroads

Acting on a plea from the Brotherhood of Railroad Trainmen, the Illinois Commerce Commission decreed that the squat little oil or keroseneburning lanterns had lagged behind the march of progress and gave all railroads operating in the state 60 days to replace them with electric lanterns.

Trainmen said the old lanterns were dangerous around inflammable fluids and often "went out" when

swinging through a signal. Engineers complained that the light rays from the old standbys were too feeble to be seen readily on high-speed streamlined trains.

What a business man!

HEADLINES, same page, same paper, same day:

BUSINESS FOMENTS WAR, SAYS SENATOR

and

HITLER COVETS HIS NEIGHBOR

Expresses Desire for Ural Mountains, Siberia, the Ukraine with its Tremendous Wheat Fields

Home parties aid trade

SHARP upturn in sales of furniture and home furnishings is traced by the industries concerned to the rising popularity of home entertainment, a social activity supposedly put in jeopardy by the many distractions of modern life. Lively trade interest shown in the displays of exhibitors at the American Furniture Mart argues the economic usefulness of that once familiar social character, "the life of the party."

Another "horse and buggy" reaction came from exhibitors, who reported that eighteenth century English pieces are gaining fast in demand. American Colonial period design is also on the upgrade.

35 seconds a year

WE HONOR on our cover this month a girl known to most business men as a disembodied voice but who makes a definite contribution to the pattern of modern commerce.

Consider, for example, the fate that the skyscraper office buildings would meet if messages depended on hand delivery.

If she is an average operator she will answer your call within ten seconds 97 times out of 100, ready to connect you with one or more of 32,000,000 telephones at distances up to 21,000 miles.

That she may do this in the shortest possible time and assure you a satisfactory connection, 4,200 persons, scientists, engineers and helpers, are constantly carrying on systematic research.

Through their efforts the time required for a long distance connection has been reduced at the rate of 35 seconds a year, from 7.3 minutes ten years ago to 1.4 minutes today and transmission difficulties, although some of the apparatus is so delicate that a piece of dust at a vital point in a switchboard will prevent clear hearing, have been reduced from 4.5 to 1.1 per cent in the same period.

Your records are vital to your business

Buy Records and Stationery on Facts! This booklet will show you how! Send for it!



You get greatest service and value in your records and business stationery when they are made from rag papers. But how can you select such papers accurately? "Rag-content" is misleading. It means 25%, 50%, 65%, 75%, 85% or 100% of rags; it means old, weak, colored rags; it also means new, strong, white rags. It means, in short, durability, quality, genuine economy,—and the exact opposite. Which do you get?

This unique booklet will help you to answer this question intelligently. It will enable you to choose those papers which will give you maximum service in your records, utmost impressiveness in your business stationery, and genuine value in both.

Write today for your copy, using your letterhead, please, L. L. Brown Paper Company, Adams, Mass.



Watch Your Tire Mileage Jump!



WITH THESE TOUGHER, STURDIER TIRES FOR YOUR TRUCKS

Yes, you CAN cut your tire costs and cut them plenty. Truck operators everywhere have proved it. Hundreds of them.

Why? Because Goodyear in addition to giving you construction features superior to those in any other make of tire, gives you a tire specially built for the exact type of service your trucks perform.

Just how much increase in mileage can you expect? That depends upon the nature of your particular operations — the severity of service. But you WILL get an increase—WILL cut your tire costs—WILL save money. Investigate!

THE GOODYEAR TIRE & RUBBER CO., Inc. AKRON, OHIO

GOOD FYEAR BATTERY





A Word for Honest Doubt

ONCE a nation is persuaded that it is ill, receptivity to lay and professional diagnoses of its malaise become the rule and acceptance of novel treatments the fashion. Every theory of every man or woman who would do the world a good turn is actively promoted as a prescription for the public good. Customary vigilance and common sense go off duty. Hopeful panaceas slip under the big emergency tent without challenge.

Now that the depression is history, and recovery is a current fact, sponsors of any amendment to the American way of life should be willing to walk up to the main entrance and show their credentials. Proof of every assertion should be forthcoming and a cautious rather than casual weighing of cost, human as well as money, should be made. Plans offered for national acceptance should be solid enough to withstand a wholesome skepticism articulated in the public interest. Those who plead for a change from this and that to that and this, on the ground that their measure has been successful in a foreign land, should bear the burden of proof. Advocacy of drastic institutional remodelings solely by the argument that the workable precedent has long been established in England, Germany, Sweden or Russia is a commonplace. A high official chided us recently for having been "a backward nation, 25 years behind Germany in social security." As more and more is heard in Washington of "extensions" to the Social Security Act, in the form of health insurance, the device of cross-examination might be usefully applied to this proposal:

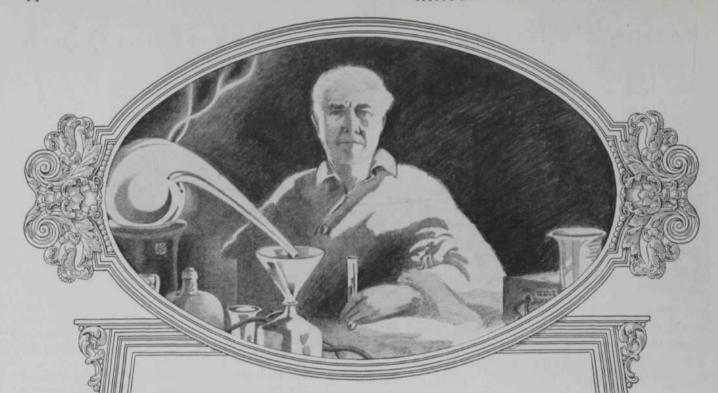
- Q.—Is it or is it not a fact that sickness insurance in Germany has
 - (1) created a scandal in the large amount of funds used for administration?
 - (2) increased the number of sick days per year from 5½ to 28 (in England since compulsory health insurance from 9 to 12½) while in the United States the percentage has not increased over the same period?
- Q.—Is it or is it not a fact that state health insurance in Germany and England has shortened life expectancy.

- increased infant mortality, in striking contrast to the experience of the United States?
- Q.—Is it or is it not a fact that authentic studies show that in any comparison between compulsory health nations and the United States, on death rate, on diseases subject to human control, the odds are all in favor of the private medical practice here?
- Q.—Is it or is it not a fact that medical science has advanced more slowly, that medical practice has become more of drudgery in those countries which enjoy state medicine?
- Q.—Is it or is it not a fact that there is grave doubt that the investigations of personal life necessary to proper administration of health insurance by a political agency, while tolerated in Europe, would be resented here?

These questions are not captious. They are suggested by an editorial study of security measures abroad. They are submitted in a desire to get at the truth, to find the quickest and soundest way to bring greater protection for the individual against the vicissitudes of life.

Were a questioning state found directed toward similar measures which well meaning protagonists would transplant from other countries, the consequences of their establishment here could be a matter of demonstrable expectation rather than progressive experimentation. The housing experience of the British government for example, the cooperative "successes" of England, Sweden and Denmark, the various forms of industrial control in Italy; price-fixing, state unemployment agencies, public works and "five year" plans in one country and another. All that's necessary today to get a nod of approval, it seems, is to lug in a foreign country as reference. To hold an honest skepticism, to insist upon details of practice abroad does not take the position that nothing good can come from an alien way of life. Rather, it approaches questions, which involve a fundamental change in the America of which we are only temporary trustees, with the same careful regard that the people give matters of fundamental personal concern.

Merce Thorpe



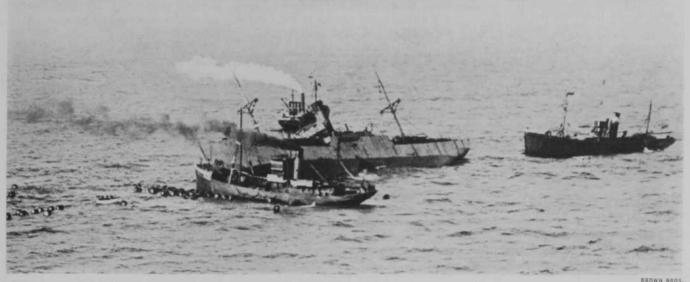
BUT THEY COULDN'T COPY HIS MIND

Great personalities are never duplicated. But nearly every great invention has somehow set the stage for a less worthy something offered in its stead. " " Rapid stencil-printing is a complete process invented and developed by us. We have devoted many years of scientific exploration and engineering fore-work to the task of bringing it to a high state of efficiency. All factors have been harmonized that they may act together for one end—the speedy and faithful duplication of typed and line-drawn ideas. And the well-balanced process, if put to work as a whole, will deliver the finest results—at low cost. Matchless performance has made the Mimeograph standard of the world. Imitations are never the real thing. For the latest particulars, as applied to your business, write to A. B. Dick Company, Chicago; or consult your classified telephone directory for the local address.

MIMEOGRAPH



NATION'S BUSINESS . MARCH 1937



Rescuers reach a submarine victim, a scene neutrality laws are expected to prevent in future

Can We Trade and Avoid War?

By KEY PITTMAN

United States Senator from Nevada Chairman, Senate Foreign Relations Committee

NEUTRALITY, while discussed generally by international lawyers, writers, Army and Naval officers, statesmen, and people generally, does not seem to be capable of a universal definition. All intelligent men and women believe that they understand what it means to be neutral, whether in controversies between governments or individuals.

There are two definitions of neutrality. One is the ordinary definition which we may find in the dictionary. Neutrality, however, as applied to the relations of a government not at war with governments at war is supposed to be defined and governed by what is termed international law. Therein lies the uncertainty and the reason for the great diversity of opinion, even between so-called international lawyers, and others who claim to be experts on this subject.

In private matters we might say that to be neutral in a controversy undoubtedly includes refraining from any act that would aid or would be prejudicial to either side to a conPERMANENT neutrality legislation, to replace the joint neutrality resolution expiring May 1, is a major issue before Congress.

Of tremendous importance to business, the legislation will undertake to lay down rules for the conduct of trade between the United States and belligerent nations in case of war.

Prohibition of American shipments of arms, ammunition and instruments of war appears certain, but opinion as to whether the law should prohibit American shipments of foodstuffs, clothing, raw materials is divided. One group contends that to permit any shipments might easily embroil the United States in war; another, that to forbid this trade not only would put the United States in the position of being unneutral but also would be unfair to American industry and agriculture.

Senator Pittman, as chairman of the Senate Foreign Relations Committee, occupies a position of central importance in the debate and, in this article, explains the vital questions involved.

troversy, and an absolute non-interference by word, act, or deed in such controversy.

This is how neutrality is defined by those members of Congress who contend that the only way to remain neutral in a controversy between warring countries is to place an embargo, not only on exports to those countries (and to neutral countries for transshipment to the warring coun-

tries) of arms, ammunition, and implements of war, but also upon all commodities, articles, and materials.

Some distinguished international lawyers hold that such an embargo, in many cases would be unneutral and, in fact, in nearly every case would be an unneutral act toward some of the warring powers, under the decisions in international law.

For instance, at the hearings last

the act placing an embargo upon arms, ammunition and implements of war, in a written brief which he filed before the Committee.

He said:

As regards the impartial prohibition of the export of "arms, ammunition, or implements of war" to belligerent countries, which is taken over from the neutrality resolution of last year, I have no objection to make on legal grounds. Under international law, such things may be sold and exported by neutrals, subject to the belligerent right to capture them on the high seas and confiscate them. The question of prohibition is one of policy. My personal inclination has al-ways been adverse to the prohibition, partly on the ground that it would operate in favor of big powers which can afford to maintain great armament fac-

Again, he says, in speaking of general embargoes in addition to those already referred to:

"From what has been said, it is evident that I totally dissent from the notion that the United States should try to avoid war by general embargoes."

Dr. Borchard, Professor of International Law at Yale University, in his testimony before the Committee, said:

But, I think, there is no international law authority for cutting off the exports of other commodities not distinctly

ever, Professor Moore and Dr. Borchard contend that other commodities, articles, and materials are not contraband of war, and only become contraband of war when they are going to or are intended for the military forces of a belligerent.

Collections are difficult

WHO determines this question? Primarily, the belligerent. He seizes, confiscates, or destroys the goods that he has determined are contraband of war. The neutral government may wait until the war is over and then try the case, if the belligerent government is willing that it should be tried. If the question is submitted to trial, then evidence may be adduced to determine whether the goods were contraband. In such cases an award of damages may be made in favor of the neutral. The belligerent government may pay the award, or it may not. There is no method to col-

session, John Bassett Moore opposed considered contraband of war. How- the power to enforce it, except through military power? Professor Moore, in his statement, says:

"A law may be established and become international, that is to say, binding upon all nations, by the agreement of such nations to be bound thereby."

Unquestionably, agreements between governments become international law, so far as the contracting governments are concerned, so long as they are in force and effect.

What agreements are now in effect between the great powers of the world defining what constitutes conconditional contraband, traband. and non-contraband of war? I know of no such agreements or treaties. Such a treaty was negotiated at London between several of the great powers in 1909, but it was not ratified. Is international law relative to this subject based upon the customs of nations? If so, is the law changed when governments change their customs? Dr. Borchard, in his testimony, says:



contraband. . . . These embargoes are dangerous things. Our own history shows how dangerous they are; and they ought to be imposed in the most extreme cases, for purposes of reprisal, not for moral uplift. . . . I hesitate to pass any general embargo bill, even if it were mandatory.

I think that it is generally admitted, as stated by Professor Moore, that arms, ammunition, and implelect such an award except by war or acts leading to war.

ligerents declared all

shipments contraband

When dealing with the question of the freedom of the seas, one of the disputes that arises is whether the goods seized and destroyed were or were not contraband of war. It is contended that the definition is fixed in international law.

How is this international law enments of war have always been acted? Who prescribes it? Who has

In the famous declaration of April 1916 in which, for the purposes of that war and for particular reasons alleged in the declaration-that the enemy had incorporated all his civilian population in the military population, that they were a peculiarly vicious enemy, and that they had taken entire control of the food supplies—it was stated that, therefore, Great Britain felt impelled, "so long as these exceptional conditions continue" to abolish the distinction between goods absolutely contraband and goods conditionally contraband.

Then he continues:

"That is not a profession that the distinction has disappeared-not at all. It is a retaliatory measure on particular grounds."

It would appear that all acts between warring countries are retalia-(Continued on page 108)

Washington and Your Business

By HERBERT COREY

PUT this down in your future book. The Social Security law will be kicked around considerably. The field offices are discovering almost every day places at which the friction gears do not mesh. The 22,000,000 citizens with whom they deal are prolific with puzzling questions.

If the replies seem a long time on the way it is because the local offices must send everything to the regional offices which then transfer the important queries to the Washington office, which then goes into a huddle. No suggestion of incompetence. It is only that the queries are as new as tomorrow and one mistake might take years to straighten out.

The chief change Congress will be asked to make in the law will be to go on a pay-as-you-go instead of payas-you-enter plan. The more the possibilities involved in a piled-up fund of \$40,000,000,000 are studied, the more horrendous they appear. In the end the federal Government will pay its annual shot out of tax revenues.

A Standing Invitation

ONE reason why the possible \$40,-000,000,000 dollar fund is feared traces back to the Bonus Army which camped in Washington in Hoover's term.

"Pay us now," demanded the bonusites. "You've got the money in the Treasury. Why wait until we're dead?"

A piled-up social security fund would be just a standing invitation to the prospective beneficiaries.

'Pay us now. We might not live to be 65."

Eccles Makes 'Em Like It

MARRINER S. ECCLES, chairman of the Federal Reserve Board, has kicked some hefty holes in the big fund idea. It's odd about Eccles. When he first came on from Utah he

was most unpopular with the Eastern bankers. They did not even like his size.

"One feels-ah-some difficulty in respecting a little man," said one of the heftiest bankers of New York.

Then the little man jounced the big man up and down several times at a high rate of speed. Now the big man swears by him. It was Eccles who sold the big-spending idea to the Administration when it was still trying to pinch dimes out of stenographers. But the other half of Eccles' idea was to stop government spending in proportion as private business increased.

Clyde L. Beatty, the lion tamer, says that the toughest job he knows is to take raw meat from a tiger.

Wanted: Six Young Men

NEXT question on the agenda: Who will be the Six Young Men? Question only arises if President Roosevelt puts through his reorganization plan, which he will. He asked

for six young men, "determinedly anonymous," who will act as contact men, liaison officers, and carriers of the presidential messages to the congressional Garcia.

One of them will be Thomas Corcoran, young, full of law and wisecracks, and the lifter of the scalp of Rexford G. Tugwell. The two men liked each other, respected each other, swore by each other's honesty, ability and devotion to the New Deal, and each found the other considerably in the way.

Corcoran plays the accordion in the presidential suite

sometimes at night and sings pirate songs. He is, in fact, a rousing good fellow. Tugwell always bore a message.

Story About Henry Ford

SINCE the talk has turned to automotive men, the story W. B. Stout once told Joseph B. Eastman is worth retelling. Mr. Stout, the aircraft engineer; Mr. Eastman, the

coordinator of railroads and member of the I. C. C.

"Henry Ford is an extraordinary judge of men." Mr. Stout speaking. "One day we were walking through the

"'Who is that man?' he asked.

"The man was a young engineer I liked very much. He showed plenty of promise.

"'Fire him,' said Mr. Ford, 'He's no good.'

"Orders are orders. I fired him. He got another job at once. Six months later he ran away with the bank account of his new boss. Took the boss' wife along."

HITHERTO unreported item in the Mr. Ball Explains senatorial investigation into the sale at auction of the control of the Van Sweringen system. George A.

Ball, of Muncie, Ind., seventy-odd years old, neat, dry, precise, the largest manufacturer of glass jars in the world, the buyer of the Van S. properties, was on the

Senator: "You say you bought control of these properties at the request of the Van Sweringen Brothers and as a matter of friendship?"

Mr. Ball: "Yes."

Senator: "As a matter of friendship? I do not understand you."

Mr. Ball: "You wouldn't."

Mr. Eastman is Still Out

AN interesting sequence:

President Roosevelt offered to Congress his reorganization plan which, among other things, would transfer the Interstate Commerce Commis-

sion to an executive department—possibly Commerce.

Joseph B. Eastman's term expired December 31, 1936. Secretary of the Treasury Morgenthau criticized the I. C. C. for recommending that the undistributed surplus tax be changed to be less burdensome on some of the less prosperous railroads. Chairman Mahaffie and Secretary Morgenthau met and prepared what is technically known as "an agreed-on statement."

In a speech at Boston Mr. Eastman sharply attacked the suggestion that the I. C. C. be given a pigeon-hole in the executive branch of government. He said that it is essentially an arm of the legislative branch and warned against permitting "the slightest political tinge" to creep into it. The courts, he said, had declared that its powers be exercised in the coldest neutrality.

Mr. Eastman continues not to be reappointed.

A Man Who Can't Say 'No'

THE same let-alone plan was followed in the matter of the Comptroller Generalship of the United States. When McCarl's term expired, candidates for the post popped up from

behind every bush on the White House lawn.

Not one of them got so much as a Presidential nod. Then the reorganization plan revealed that Mr. Roosevelt's scheme was to eliminate the comptroller-general and turn his task over to a subordinate in the Treasury Department. This official could audit the accounts to his heart's content but he could not control expenditures in advance, as McCarl did under the present law, Mr. Roosevelt wins either way.

If Congress does away with the comptroller-general he will have control over the national expenditures, unbothered by a gray little man in black clothes who kept on saying no. If Congress retains the office in the federal set-up there will be a 15 year-long plum for somebody.

Precedent for Spending

THE authority of the congressional branch to pre-audit executive expenditures goes back to the days of William of Orange. William had been called from Holland to rule

England when the English found it impossible to rule themselves. After he was safely in England a political sand-boil spurted up behind the Dutch dikes. William asked the English parliament for more money. Parliament suspected he wanted the money to cover the costs of his armies in Holland.

"What for?" asked Parliament.

"None of your business," said William. (This may not be an absolutely verbatim report.) "I'm the king, what? Send me the money and I'll spend it the way I want to. I can do a far better job of spending than you can."

"Go, my fair Liege," replied Parliament in effect, "and

jump in the lake."

The principle that the money-producing body shall say how the money shall be spent has been upheld in English and American jurisprudence ever since.

Strategy of Job-Holding

MOST Cabinet members are more or less pushed around by their subordinates. If names are not given in what follows it is only because it would be a shame to take a job away

from a good man just to get a few lines in print. In one of the Departments an unofficial secretary has been the boss for years. When the New Deal came in he cleaned out his desk, moved out of the fine big room he had been occupying, laid in a stack of good reading and some pipe tobacco and waited for the axe. The newly appointed secretary a dozen times a day ran across problems of which he knew just a little less than nothing at all.

"Who knows about this?" he would ask fretfully. "Mr. Plinkenhorn, hey? Well, tell him to come in here.'

After a week or so the Secretary said:

"Move into that big room next to mine. I need you."

Government

DOROTHY THOMPSON recently reported that she made a trip to Cincinnati for the purpose of seeing and Young Love the R. A.'s project for housing lowsalaried workers and was not allow-

ed to enter. There was no argument about it. The man at the gate simply said no. Miss Thompson made a twocolumn piece out of it, in which she touched briefly on the rights of man, eviscerated taxpayers, how do they get that way, and kindred topics. This is to report that a less hard-boiled condition prevails at Tugwelltown, the handsome settlement promoted near Washington for workers who do not make more than \$2,000 annually. A man in charge said:

"Of course, under the law negroes cannot be barred. However, your friend may be assured none of them will be allowed to get in."

"Your friend must have a car to live here, naturally." "You say that he may be promoted and in that case his salary will cross the \$2,000 deadline. But tell him he needn't worry. The government will prove not to be a tough landlord. It would be a shame to disturb a young couple just getting started out here."

Government and Secrets

THE next man in the government housing business might not have that milder-than-milk attitude toward young folks in love. The difficulty is that sometimes the Govern-

ment forgets its promises and ignores its precedents. Clerks grow careless, casual, arrogant. The promise that the Social Security organization will hold inviolate all secrets confided to it was made in all sincerity. Every reasonable effort is being made to observe it. But-

One man had been going under a name not his own. To protect himself he did as the Social Security Board's representatives told him. He registered under both names, one of which was not to be revealed. A hurrying stenographer addressed a letter to him "either-or using both names.

Result, tragedy! There can be no assurance that other similar mistakes will not be made.

Federal Headache

NOW the Government through the Home Owners Loan Corporation has become the greatest landlord in the world. Borrowers could not or did not keep up payments of in-

terest and taxes and the federal agencies were compelled to foreclose.

So what?

So a headache. Each foreclosure meant the expenditure of more money in paints, fence-straightening, sewer-cleaning, all the myriad whatnots that are necessary to make a property marketable. If the occupants were evicted the properties—as a rule—went to pieces more rapidly than if the houses were filled. Possible buyers sometimes hesitated to buy houses which were haunted by angry fathers and tearful mothers and little, thumb-sucking children.

H.O.L.C. Seeks a Way Out

THE H.O.L.C. is making no more loans nowadays. It does not need a doctor to tell it that it has abdominal pains. The H.O.L.C. personnel now touches 15,000 and will increase

because the more deeply it gets into the bog the more power will be required merely to stand where it is. It takes more men to collect than it does to lend.

One way out is being explored.

The H.O.L.C. could put all its mortgages in one baggood, bad, indifferent and plain funny-and sell them as is to the building and loan interests, and to private bankers who, like the building and loan people, think the Government has no right to stay in the real estate business. It is possible that a pot could be made for the purchase of all the Government's mortgagesat a price.

There is no suggestion of life-long possession of the ancestral town lots by the angry fathers, tearful mothers and thumb-sucking children hereinbefore referred to. It looks, in fact, as though they might discover that the Government will be a very tough landlord indeed.

Slum-Clearing Fog Lifts

THE experts say that a little of the fog is being blown out of the slumhousing situation. They expect that Senator Wagner's housing bill will blow out a lot more. They say a

somewhat belated discovery has been made:

That it is not possible to build passably good slumquarters on a financial plan that will permit the Government to get any considerable part of its money back. They say that facts will be frankly faced. Decent housing will be provided and rented at the price per room which today's slum dwellers can pay. The difference between outgo and income will be charged to social betterment. In the end the savings on fighting crime and disease may make slum-housing profitable.

Slum-dwellers pay \$5 per month per room in most cities. If the government's housing projects were to be put on a business basis \$15 must be charged.

Licensing Bill On the Way

THE registered prophets in the National Press Club think they can descry the rough outlines of the new NRA. Congress will define precisely what is interstate com-

merce. It has that power under the Constitution. It can even go as far as Senator O'Mahoney has in his bill, which covers by the interstate clause every article which might anywhere cross a state line. Under this construction a farmer building a henhouse is engaged in interstate commerce, because the hammer, the nails, the lumber, the paint, the hinges, might all have been brought in from another state. It is not necessary that the identical articles shall have been imported, if similar articles do cross state lines anywhere.

Then a licensing agency will be set up. Those who are not given licenses cannot build henhouses in their back gardens. Only those who conform to regional rules governing hours and wages will be licensed. The registered prophets say the law that will eventually emerge from the present welter might even be constitutional.

In any case a year or more must pass before its possible unconstitutionality could be declared by the Supreme Court. During that period the law must be obeyed.

Status of the Patman Law

AND, of course, perhaps not. The Robinson-Patman Act is bumping Mohammed's coffin right now, somewhere between Heaven and Hell. Sixteen cases have been

brought before the Federal Trade Commission in alleged infractions of the rules governing competition of manufacturers and wholesalers. None of them have been passed on. When the F.T.C. decides, the 16 must then go to the federal courts. Meanwhile people are going on just as though the Messrs. Robinson and Patman and their law had never been heard of.

The Strike

WHICH recalls the National Labor The N.L.R.B. and Relations Board. People have been asking why the N.L.R.B. did not put an end to the General Motors strike by fiat. There are four reasons.

- A. Industry thought the N.L.R.B. was pro-labor.
- B. Labor preferred to fight out the strike.
- C. The administration feared a political kickback, no matter what decision might have been reached.
- D. The N.L.R.B. didn't want a cue anyhow.

Miss Perkins

WHICH brings Secretary Perkins to mind. She asked Congress to give the Department of Labor the power Sets a Precedent to subpoena men and papers in strikes. Members of both Houses of

Congress spoke bitterly about this in low, guarded whispers. It was assumed that the President would rebuke the Secretary but nothing happened. Neither did he support her.

The significant thing is not that she asked for the power of subpoena. If Mr. Roosevelt wants her to have it she'll get it. But this appears to have been the first time in the history of the republic when a Cabinet officer

addressed Congress directly with a request for the enlargement of power. Such requests have heretofore been bypassed through the White House.

It may be a step toward the English system, by which Cabinet members appear on the floor of the House of Commons to defend their positions and departments. And on the other hand, it may just be a step-

Neutrality and the British

BY special grapevine from Downing

"British statesmen say it doesn't make any difference what kind of neutrality legislation the quaint

Americans may enact. If and when the next war comes they are confident they can buy whatever they want from us."

An air of authenticity is given this report by the comment on Walter Runciman's well advertised visit to the United States to talk over trade relations.

"Runciman says 'don't worry. Nothing will be done unless we like it."

The Six Young Men Again

STRIKE off from list of possibles for the Six Young Men the name of Dr. Stanley High.

Add name of Ben Cohen, lawyer, and master mind of the committee

named to put burs under the utility saddle.

Look for promotion of Dr. Arthur E. Morgan to some highly honorable post in which he can give his humanitarian desires full play and will not have to worry about

Then add a reserve that he may not take it. There's martyr blood in the good Doctor. The only gamer blood is to be found in the Blue Hen's chickens they used to raise in Kentucky.

Domino room philosophers at the National Press Club hold that when John L. Lewis talked out of turn to the President he blew over, ploughed under, up-rooted, exterminated and utterly destroyed any possibility that there ever might have been for a Labor Party in 1940.

Note: Maj. George L. Berry did not so much as whis-

Johnson Bars **Bring Peace**

EVER hear of the Johnson Bar? It is a long iron bar that used to stick up alongside an engineer's left ear in a locomotive cab. It was used to reverse the engine and for

some reason the engineers had a sacred affection for it. The railroads wanted to put in power reversing gears and the engineers dared 'em to lay a hand on the Johnson Bar. The dispute threatened to get into Congress. Almost every other railroad dispute has landed there sooner or later. Then the railroads and the railroaders said to each other:

"Whatsa matter with our getting together ourselves on this? Why call in the politicians?"

It was so ordered.

It looks as though a precedent was established.

At all events a more cooperative attitude has been created between Capitol Hill, the railroad managements and the railroad unions. The various problems confronting the roads are being considered in a frank and friendly way. It is to the evident interest of men and roads to work together in harmony-each getting all that is possible out of the other, if you'd like to put it that way -but neither injuring the other.

Prospects are excellent that the six hour day, the full crew plan, the train limit scheme, the other propositions that had their origin in politics, will be modified into workableness. At all events road-wrecking may not be one of the winter's pastimes.

Warning: Here



Comes the Super-Market!

By M. M. ZIMMERMAN and F. R. GRANT

Merchandising Counsels

REAL estate values, tax methods, civic development, the whole pattern of our social life, may be altered

by a force which has entered the distribution field and disproved many axioms once taken for granted

He hired an empty garage in Flushing, L. I., filled it with foods of every description, got concessionnaires to come in with him with various products, and announced that he was "KING KULLEN - THE PRICE WRECKER." Then he called on metropolitan housewives to back him

This sounds almost like a madman's folly-but in the history of American distribution, it has proved a momentous occasion.

Michael Kullen knew the food world. He had successfully operated a system of chain stores which had developed into a series of 30 markets before he sold out to the Kroger Grocery and Baking Company. He had also learned other men's methods in chain store operation through a period with the Great Atlantic and Pacific Tea Company. And he had tried other "crazy" schemes that

In 1928, Michael Kullen had gotten it into his head that what America wanted in its food distribution was super-markets; that what the consumer, especially the housewives, wanted were bargains; that comfort was less important to the consumer than economy. Moreover, he was certain that the buyer would go a long way to get his bargain. Michael Kullen determined to risk his belief. He opened a super-market in 1928. It failed. With the dogged faith of a pioneer, he tried again and again.

Each time, he met disaster but he still refused to believe that his idea was not practicable.

N 1930, a man named Michael Kul- something happened. Perhaps belen decided to make an experiment. cause the United States of 1930 was no longer the complacent pre-depression America. Perhaps the care-free America had been shocked into purse-consciousness. In any case, there was no doubt that King Kullen's lucky star was ascending. Housewives whose purses shrunk looked at his handbills. Then they looked at his advertised prices. He announced bargains that set his competitors gasping, and wondering how he could afford it.

Large volume, low prices

BUT his system was comparatively simple—he was selling his groceries at the lowest possible mark-up because he was doing more business under one roof than could be done in 100 stores. Moreover, he was getting profits from concessions.

As for the housewife-she accepted the appeal of price. And King Kullen had not only turned the corner for himself-he had turned a new page in the American food distribution system. By 1932, King Kullen had eight markets which were reported to be doing a \$6,000,000 volume of business. In that year he had increased his volume of business 15 per cent over the previous year. And his success continued. Some weeks he attracted more than 100,000 customers to his markets. He was ready to launch out on a national scale with Super Markets when he died in April, 1936. He was only 52, and his associates say he worked himself to death. It is not unbelievable.

But King Kullen was not the only When, in 1930, he tried again, food distributor who had the vision on opening day, Big Bear ran huge

of this gigantic new movement in the food field. While he was operating in Long Island and later in the Bronx, another pioneer appeared with a similar belief. Robert M. Otis, a man of wide experience in operating department stores and chain store organizations, had leased the vacant Durant automobile factory on the outskirts of Newark to put to test his belief. Otis interested a Hoboken wholesale grocer in this venture. In the first floor of this gigantic building comprising 50,000 square feet of space, Otis set up a market such as the country had never known. Thirty per cent of the space was given over to food and the rest went to 11 other specialties such as hardware, drugs, radios, paints, auto accessories, and soda fountain.

Discarding all the sales theories of consumer-comfort that the retail trade had built up over America's luxury years, Otis made no attempt to attract his customers by giving service. The space was filled with cheap pine tables, and these were loaded with merchandise. At the door, piled high, were hundreds of market baskets. As a customer entered, she could take a basket, go the rounds of all counters and choose her own bargains. When finished, she came back to the entrance, had her purchases counted off and left feeling that she had done well by her pocketbook.

Across the road from the factory, Otis opened a free parking space. It was, in effect, the old hitching post brought up to 1936 requirements.

"Big Bear" was the name of this giant market. To entice the public ads with giant streamers announcing unprecedented values. That opening shattered all records for customers and sales volume in the history of American food merchandising.

The first three days averaged more than \$10,000. Skeptics said that these customers were curiosity seekers who would not return for a second trial. But the next week the intake was \$75,000. And, after 23 weeks, the cash registers had rung up \$1,675,965.69, not only for food, but for radios, hardware, toothbrushes, paints and anything else that Big Bear had for sale. Check-ups on the incoming automobiles indicated that the customers were coming from a radius of 50 miles around -far further than they had ever been known to come for their daily neces-

As the weeks passed they continued to come. One week in February sales totaled \$108,614.56, an average of \$17,000 a day.

The first year of Big Bear set a record in mass food merchandising in this country. The crude, makeshift grocery department which rendered no service had checked up sales totaling \$2,188,403.20. This was approximately 50 per cent of the total sales of all departments. To the grocery department was allotted 30 per cent of the entire 50,000 square feet, but the total overhead cost of operation—including space, light, heat, wages and all costs of handling, operation and administration expense, was charged against it.

The other departments rented out were meats, fruits, vegetables, dairy, bakery goods, candy, cigars and tobacco, drugs and cosmetics, electric and radio supplies, auto accessories, soda and luncheonette, paints and varnishes.

With an investment of a little more than \$10,000 of which, according to Mr. Otis, only \$1,000 was actually paid in, Big Bear had earned for its

promoters a net profit of \$186,607.47.

An itemized account of sales expenses and net profit is illuminating:

Grocery department sales \$2,188,403.20 Gross Profit 262,608.38

OVERHEAD

Rent (all space including parking lots)
Pay roll
Light and Heat (all space)
Advertising (grocery department only)
Handling and Wrapping
Administration and Supervision
Clerical
Postage, Insurance, Stationery, Tel. and Tel.
Miscellaneous
Taxes

Net Profit, Grocery Rental Income from Departments

Depreciation

228.84 182,744.69 \$80,073.69

\$15,515,78

79.545.45

7.881.29

28.977.45

20,352.15

11.248.37

6,915.36

3,523,35

7,462.45

1,094.20

86,433.78 \$166,507.47

(Continued on page 96)

The Grapefruit Has a Rival



A tough fowl may be made tender by hanging in a papaya tree overnight

Packed papaya are as hard to ship as strawberries and are handled the same way

POR centuries natives in the Tropics have known the papaya, a versatile melon that grows on a tree. Now American consumers and Florida farmers are discovering it. Authorities predict that, in ten years, it will bring Florida more income than citrus fruits.

Already many growers have trees bringing comfortable income. Many others have quit, discouraged, because frost or heavy wind may ruin a whole papaya crop and, even when grown, the melons are hard to ship because of spoilage.

A papaya seed planted in March will grow above a man's head and bear melons within ten months. Some have 200 melons in their cluster varying from two to ten pounds. Melons are a rich golden color and may be any of 35 shapes. Devotees eat them like cantaloupe. Beginners are urged to try papaya salad first to acquire a "taste." Melons may also be cooked like squash, baked in pies, pickled, or made into marmalade, jam or jelly. Papaya ice cream, papaya catsup, papaya syrup are on the market and papaya drinks,

sometimes mixed with other juices, may be bought at soda fountains.

Primitive peoples have used the juice medicinally for years. Today it is used in making medicine and to tenderize meats.



PHOTOS BY LE SESN

Who is to Prevent Unfair Practices?

By IDA M. TARBELL

Author of "History of Standard Oil Co." and "New Ideals in Business"

A WOMAN who has observed and written about industry for 40 years answers our question: Can industry put its own house in order or must Government do it?

THERE is a certain unfairness in the very title of this article. It fixes attention on industry as if it made a specialty of unfairness, as indeed the public in general seems to think at this moment. But unfairness is a human disease, breaking out periodically in all kinds of activities.

I can remember when the public's attention was as completely centered on the boodling and grafting of government officials, as it is today on predatory industry. Public indignation was so high and with such good reason, that, out of the agitation and education, there finally came our Civil Service, which unhappily not a few people are saying has been found too hampering for present governmental aspiration and imagination. As a result we have been falling back to the conditions of 50 years ago.

Following the agitation for Civil Service Reform in the '70's and '80's, public indignation against the abuses of the railroads and the attempts to monopolize certain businesses crystallized and we got our first great regulatory laws—the Interstate Commerce law—the Antitrust Sherman law—slow to action, still unsatisfactory.

Nevertheless, they are milestones in a good fight and out of them has come a general acceptance by industry that discrimination and monopolization are not to be endured in a democracy. This not only because they are ethically unsound but because they are economically unsound. It does not take a very long study of unfair practices in any human activity to show its weakening effect. I know what it has been in my own vain."



Industry alone cannot end bad practices. Neither can Government. The job can only be done by intelligent cooperation by both

profession of journalism—still is. I know what it is in law, in medicine, in education. Wherever you have it, whatever the temporary advantages the unfair practice may give, in the long run it pulls down the house of him who depends upon it.

Those who think they can professionally get by with clever tricks, funny deals, invariably in the long run—and when I say "long run" I mean 50 or 100 years if necessary—lose out, their enterprise crumbles, and they are left with that thing which even the worst of men hate, a reputation of having won by "ways that are dark and tricks that are vain."

There is nothing truer in this world than that, in the long run, you cannot beat the Golden Rule, however you bend or batter it.

But our concern here is with unfair practices in the field of industry. Where do we stand in the matter since the forming of the Interstate Commerce Commission in 1887, just 50 years ago? In the first place, the accusing public is likely to overlook the fact that both industry and Government have been steadily at work, singly and together, developing machinery to handle the problem.

The experience of the last 20 years of the nineteenth century convinced leaders in various industries where the aim was orderly, stable procedure that there must be a larger cooperation between the units of the industry. They saw that they must get acquainted with their own ways of doing things, find out why the public was so hostile to them, protect themselves from the Government which they saw was often in danger of doing serious mischief because it lacked understanding of the industry itself, as well as of its efforts to correct itself.

Seeking higher ethics

ONE after another, industries organized, sometimes for self-correction and always with an idea of selfprotection. The most important of these early organizations was the Iron and Steel Institute in which Judge Elbert Gary led and through which he attempted to persuade the industry to adopt what was known and often ridiculed in Wall Street as the Gary code, an attempt to define the unfair practices of industry and to persuade the units to abandon them.

From the first, the idea of a national organization of this industry brought a loud outcry from the public which was convinced that this must be something sinister intended to defeat the law, to perpetuate and amount of explanation, no amount of openness, could persuade the public that there was no dark purpose behind a Gary dinner.

But, in spite of the suspicion, industrial organizations multiplied, grew in strength. Today there are scores of them, some of them very powerful, able to take care of poaching on their preserves by other allied interests.

We have these National Associations in butter and cheese, and poultry, in concrete and in greeting cards, in every variety of electric enterprise, in brick, in waxed paper, in motion pictures, in baby and doll carriages and plumbing and heating. That is, these great activities serving our needs and our whims are organized to regulate themselves and protect themselves from any government regulation they think un-

But, while the industries have been for 40 years gathering themselves together into National Associations, the federal Government has developed a machinery intended to examine their structure, find out what is good in it and what is evil. It began with Theodore Roosevelt who, in 1904, presented us with a Bureau of Corporations which was from the start an admirable body.

perfect malpractices. For years no Roosevelt administered it with vigor and it developed steadily, largely by a process of trial and error. In 1914 Woodrow Wilson made a much needed addition to this Bureau-the Federal Trade Commission-intended to sift out the bad industrial practices and tell the industrialists what they could and could not do. It was really a Commerce Clearing House. The intention was to cooperate frankly and fully with each industry accused by somebody of not doing the square thing. This cooperation was to be carried on when possible by Woodrow Wilson's great formula for settling troubles-"Get around a table and thrash it out."

If it had not been for the War, this Commerce Clearing House probably would have developed rapidly under his administration into a more or less adequate cooperative body.

There was a tendency, of course, as there is in all government bureaus, to feel that its duty was punishment; to begin not with the idea you are innocent until you have been proven guilty but to take it for granted that you would not be there if you were not guilty and that the object is to make you decent by punishment.

Industry resented this, also it often felt that the Federal Commerce Clearing House was a bull in a china closet handling things of which it knew little and of which it did not have the time and patience to learn. Every now and then it happened that, after conferences, the industrialists went home and spread through the industrial world stories

> of breaks by commissioners which set everybody laugh-

Fair practices

BUT the industrialists made a mistake if they came to a general conclusion that the Federal Commission did not know what it was talking about in the matter of fair practice, even if sometimes it did fall short in intimate knowledge of an industry.

In spite of the psychological difficulties, in spite of the interruption of the war, the Commerce Clearing House, through these conferences with national trade bodies has gone a long way toward answering the question with which we began: Who is to prevent unfair practices?

The two working togeth-(Continued on page 103)

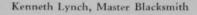


There is nothing truer than that, in the long run, unfair practices gain nothing except an unsavory reputation

The Smith is Still a Mighty Man



Answer to the prop department's prayer is armor like this for costume movies

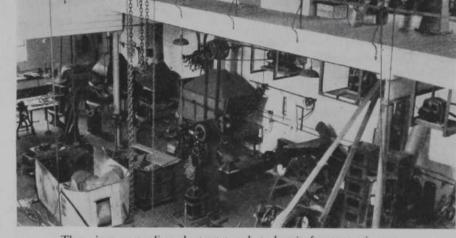


THEY wanted Kenneth Lynch to study for the ministry but blacksmithing was in his veins. In Kilkenny, Ireland, Lynches had been blacksmiths since 1602. In New York City they had been smiths for 70 years. When the shop of Becker and Lynch had no place for him, he learned the trade in New Jersey. He practiced it everywhere. As troop farrier with the New Jersey 102nd Cavalry; at sea when he shipped as a sailor; in Europe where he visited smithies in Ireland, England, France, Germany, Italy and Spain studying craftsmanship.

The Germans made ornate baroque things; the French kept within the limits of good taste; the English were precise; the Italians were fine workmen; the Spanish excelled in "hot work."

He came home and began blacksmithing in Newark, attending night schools while a Jesuit priest tutored him in Latin. He moved to Brooklyn, then into the family firm which once had turned him down. Old World artistic forging replaced the firm's rough blacksmithing for ships and buildings. The business grew. When the partners retired, he bought them out. When he was 24 (he is now 32) he built a shop in the Ravenswood section of old Astoria.

You will find him there today if you call—and there are many callers because Ken Lynch's shop—with the ancient charm of an Old World armorial



There is no spreading chestnut tree but electric furnaces, air conditioning and orders five years ahead offer some compensation

forge, but air conditioned—is known all over the world. Connoisseurs collect his work. Forty to 60 journeymen smiths give expression to his designs. Princeton cathedral has a Baldachin over the altar with more than 200,000 hand forgings from his shop. His time for five years to come is sold to museums, to collectors and to the movies for making armor.

But his greatest pride is in his apprentices—boys 12 to 20 who come to work and play in his shop, to become fine craftsmen in unwilling iron. Ken Lynch works with them an hour or so a day throughout their four year course. The rest of the time they hear lectures on design, architecture, art apprecia-

tion or trail through the woods collecting flowers to be reproduced in metal, or work at the forge where they make objects of art or practical things which are sold to maintain them in study. The bigger boys work in heavy metals, the smaller in "Irish Silver," a brilliant alloy which can be worked without great strength. And that each boy may learn to respect good tools, he makes his own.

Some of these boys, says Kenneth Lynch, have marvellous talents and all will be good blacksmiths. They will be needed, too, for the world is looking for blacksmiths—good ones—as Kenneth Lynch proved in the face of reasoning which pointed to the decrease in horses to be shod, and shook its head.

His Castles in the Air

By JOHN ANGUS HAIG

NLY a few years ago, a young man by the name of Donald Wills Douglas walked the streets of Los Angeles. The soles of his shoes were thin. His clothing approached shabbiness. His economic future was as precarious as that of a free lance writer. For years he had been dreaming a dream that has captivated the minds of men for centuries; and it had led him almost to the poorhouse. It was the dream of Darius Green, of Langley, Santos Dumont, Octavius Chanute and scores of others who never lived to see it come true—the dream of conquering the air. He hoped to become a great aeronautical engineer and builder of aircraft.

In the face of poverty, privation and impending failure, Douglas never got off the trail of his rabbit. He built airplanes on paper. He built toy models and made them fly. He studied their antics trying to discover why they fell off into tail spins, went into nose dives and committed other unpredictable misbehaviors. Meanwhile, bankers and business

men whom he sought to interest in his venture were telling him:

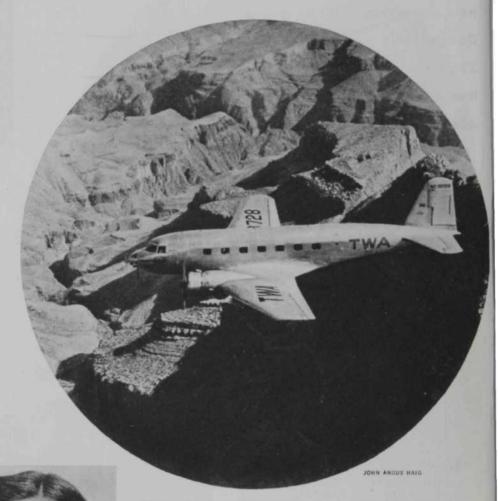
"Forget aviation. Get into something useful."

As a reporter on the old Los Angeles Express as long ago as 1915, I knew Douglas when his worldly assets were little more than a pleasing personality, a good technical education, a roll of blue prints, an abiding faith in the future of aviation and the hope of finding someone with money who wanted an airplane. I've known his wife, his children, his business associates-such men as Harry Wetzel, T. C. McMahon, Eric Springer and others

who are with him today after years of pioneering and soul-trying uncertainty.

Donald Wills Douglas

But for these circumstances this article would probably never be written. He's a hard man for the reporter who seeks to be factual and accurate. He likes to talk about aviation, the establishment of new commercial air lines, sailing sloops and deep sea fishing. But try to get him to talk about himself as the father of a vast



Flying the Grand Canyon was once a feat. Douglas planes on scheduled routes now do it daily

aviation industry, as a builder of military and naval aircraft, sky liners, amphibian transports and he's as loquacious as a clam. Hence, these lines are the result of long personal acquaintance, information derived from a multitude of sources, persistent and detailed questioning and vigorous objection when he wanted to run his blue pencil through all the real meat of the story when the completed manuscript was submitted for his approval.

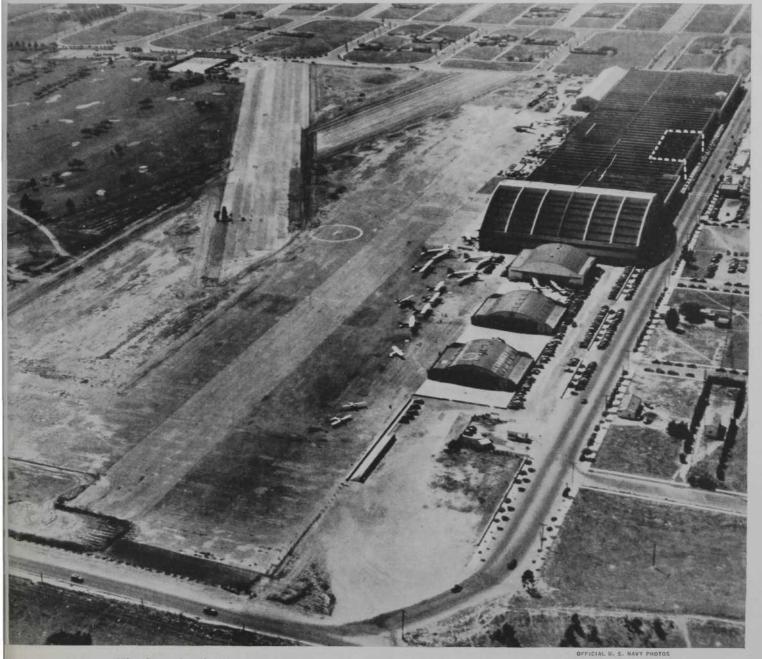
If there is drama and romance in business, it is doubtful if more of it may be found anywhere than in the history and personality of this comparatively youthful builder of aircraft.

Born in New York City in 1892, Donald Wills Douglas is the son of a banker, an American by birth, whose parents came from Scotland. He received his early education in the New York public schools. Then, like most American fathers not cursed with poverty or burdened by enormous wealth, the elder Douglas outlined a career for his son. It was his desire that Donald should become an officer in the United States Navy. To that end he obtained the son's appointment to the Naval Academy as

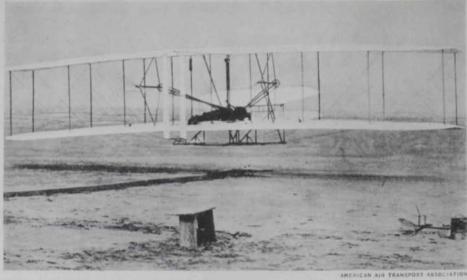
Have Sprouted Wings

FROM nothing in 1921 to the head of a business now employing 5,500 persons is the story of Donald Douglas, told here by a man who has known him 22 years. Nation's Business offers the article as further encouraging proof that opportunity is never dead until you admit it is





The Douglas factory, expanded in 1935, now has nearly a million feet of floor space and further additions are contemplated. The dotted line outlines the original plant



One of the planes which drew Douglas to Washington for the army tests of 1909. Below, the Cloudster which, although it failed to cross the continent as intended, became the model for military aircraft



a member of the class of 1913. Young Douglas, however, had no great enthusiasm for naval training or a life at sea. Several years before entering the Naval Academy he had become interested in mankind's first crude attempts to get off the ground in heavier-than-air craft. By that time the Wright brothers had demonstrated that their airplane could defy the law of gravity for various periods of minutes.

Watched the Wright brothers

WITH the Wright brothers' first "grass-cutting hops" Douglas's imagination and enthusiasm for aviation knew no bounds. He read every printed word he could find on the subject. To him every major problem of human flight had been solved and he began to visualize aircraft capable of accomplishing everything we expect of them today.

Dreaming and thinking of aircraft by night and day, building toy models and then trying to find hiding places for them on inspection days, was not particularly conducive to the best of scholarship for a midshipman. Nevertheless, Douglas managed to pass his examination while his interest in aviation constantly tugged at his thoughts.

In the spring of 1909 the Wright brothers were conducting their famous acceptance trials at Fort Myer, Va., by which airplanes became a part of the equipment of the United States Army. The event was given wide publicity. The lure of seeing men and aircraft actually fly was a serious temptation for Douglas. He felt that life for him almost depended upon witnessing this bit of history in the making and in some obscure manner he managed to absent himself from the Naval Academy temporarily. Then, to provide himself with the funds necessary for the trip, he pried open a small savings bank where he kept a carefully-hoarded handful of change.

The Wright airplane of 1909 was little more than a glorified box kite with a gasoline engine taking the place of the kite string. It vibrated so badly that the pilot needed a piece of rubber between his teeth. There were "tails" at both ends for control. The machine was enormously overweight and underpowered. Since ailerons were yet to be invented, lateral control was accomplished by warping a flexible, biplane wing structure. The pilot sat in a sort of bucket seat alongside the inadequate motor. Two crude wooden propellers were driven by great lengths of motorcycle chain. There was friction in every link, sprocket and thrust bearing, and the chains also had a pernicious habit of breaking or riding off the sprockets. Lucky pilot if this happened before he got off the ground!

Boosting aviation for the Navy

ONE of these early Wright 'planes may be seen in the Smithsonian Institution in Washington, D. C. and a look at it today by any thinking person will reveal the imagination and determination of Donald Douglas as a boy of 17.

Returning from the Fort Myer trials, Douglas sounded his enthusiasm for aviation about the Naval Academy with renewed vigor. By that time some of his classmates had begun to take

him seriously. A great idea was hatched after some days of birth pains in halls and dormitories. A group of would-be aviators agreed that aircraft must eventually become an essential part of every nation's military and naval equipment. The time had arrived to sell this perfectly obvious idea to the Navy. Eventually the plan was outlined and a friendly Congressman submitted it to the Navy Department. The project was premature. The Navy rejected it with an admonition that midshipmen had more important duties than pioneering in aeronautics. Enabling legislation was lacking anyway.

With the Navy offering him no hope of realizing his dream, Douglas, with his father's consent, resigned from the Academy in 1912. He immediately enrolled in the Massachusetts Institute of Technology, where he soon found himself a far better student than he had been at Annapolis. His work had taken on a new incentive. He was studying, not merely to pass examinations, but to gain the technical knowledge he knew would be essential for a young man who hoped to become a successful aeronautical engineer.

After graduation from the Massachusetts Institute, Douglas found a path that seemed to lead toward his goal. He accepted a position as an assistant to Commander J. C. Hunsaker, a naval constructor, who had been loaned to the Massachusetts Institute for certain aeronautical experimental work. Here Douglas worked in collaboration with the man who built the world's first wind tunnel.

The term "wind tunnel" may not mean much to those unfamiliar with aeronautical engineering, but it has been an enormously important device in aviation. Just as the Tinnius Olsen Testing Machine advanced both the motor car and aircraft industries by determining the strength of materials, the wind tunnel tests the designs and theories of aeronautical engineering.

After completing his work with Commander Hunsaker, Douglas made rapid progress for several years. He spent a summer doing consulting work with the Connecticut Aircraft Company and worked with Captain Tom Baldwin building the first dirigible airship for the United States Navy. This craft, the D-1, was a partial success—a fairly good airship even when judged by lighter-than-air standards of today.

The airplane proven in war

IN 1915, Douglas joined Glenn L. Martin, who had established an airplane factory in Los Angeles. By that time the World War was in full swing. Newspapers told of enemy aviators fighting pistol duels in the air. Machine guns soon replaced the pistols. Then the war in the air began in earnest. Douglas was seeing much of his youthful judgment vindicated and legitimately saying:

"I told you so."

The military use of airplanes, of course, was booming the aircraft industry everywhere. Every factory was swamped with orders. The Martin plant in Los Angeles was turning out airplanes for the United States Government and neutral nations as fast as it could build them. The factory was an old commercial building down in Los Angeles Street that Martin had converted into a series of jig-saw carpenter shops, sewing rooms and paint shops.

Trucks or drays delivered materials at the back door landing stages. Carpenters cut big spruce boards into the various parts of an airplane's fuselage and wing frames. Many of these parts were steamed and bent to shape by the conventional practices of boatbuilding. With glue, stove bolts, cables and piano wire, another group of workers assembled what resembled an elaborate packing crate around a motor. Down from the sewing rooms came the Irish linen, pre-shaped for the covering of wings and other surfaces, to be glued and tacked in place by skilled workers of both sexes.

To the paint works for doping, a few final touches and there was a device called an "aeroplane," ready to be dismantled, moved to an aviation field, reassembled and flown.

What is more, those planes did fly, at speeds of 90 miles an hour or better, carrying some tremendous loads to previously incredible altitudes and distances. They didn't handle as well, nor were they nearly as safe and reliable as aircraft of today. Their worst fault was folding up like Humpty Dumpty with the slightest disorderly contact with the ground.

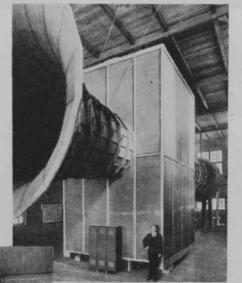
In December, 1916, Douglas left Martin to become Chief Civilian Aeronautical Engineer for the U. S. Signal Corps (the forerunner of the present Army Air Corps). For a year he handled general engineering matters for the Government, resigning in December, 1917, to join Martin again at a new factory established in Cleveland to meet

the heavy demands of war production. Soon thereafter, the Martin factory produced the Douglas-designed Martin Bomber, the first large American airplane comparable to the great Handley-Pages of Britain or the Caudrons of France.

The Martin Bomber was the most successful large military airplane of its time. It made aviation history during the war and for several years afterward. It was an important stepping stone toward air mail and passenger transport services.

Then the war ended.

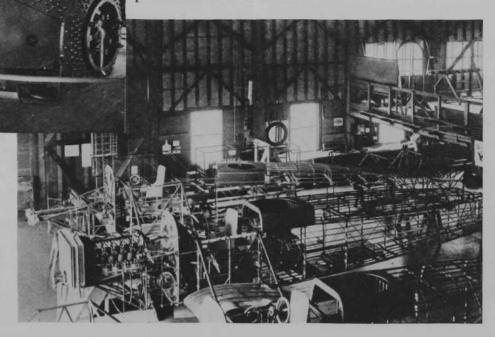
The days of frantic airplane construction were no more, and commercial (Continued on page 116)



An early wind tunnel of the type Douglas helped design. By blowing smoke through, pioneers studied air currents

A modern wind tunnel where new planes, as models, show their strength and weaknesses

> A view of the Douglas factory in the days when the glue pot and scissors were still in use



Ocean Housekeeping Made Simple



1. Bedroom Stewards' Quarters aboard Grace Liner, Santa Lucia



2. Room in Crew's Quarters, Standard Oil Tanker



3. Firemen's Quarters on Grace Liner, Santa Clara

- 1, and 3. Where crew spend leisure time when not on deck. Rooms provided with two portholes, forced draft system and individual lockers. Life preservers within easy access of upper
- 2. Quality of bedding determined by strict specifications. Other equipment includes writing tables, mirrors, electric fans, vapor proof electric lights, port-hole screens and wind scoops.
- 4. This one of several lavatories aboard larger ships contains 2 showers, 6 wash basins, 2 urinals and 3 toilets.
- 5. Other equipment in addition to showers is steam coil to heat water for clothes washing. Each man has own bucket to aid sanitation and prevent possible spread of any infection.
- 6. Food kept in clean and sanitary containers aboard United Fruit liner, Veragua, one of six sister ships constructed under Jones-White Merchant Marine Act of 1928.
- 7. These men who serve the crew and keep their quarters clean are having dinner in their own messroom on board a Grace Line ship.
- 8. Standard galley equipment includes oil burning range, tiled flooring, steel bulkheads.
- 9. United Fruit Company provides additional lounging space on its turbo-electric liners.



4. Section of Crew's Lavatory on Grace Line

for Sea Dogs

NEW SHIPS of United States Merchant Marine provide comfortable and sanitary living quarters for members of the crew



5. Washroom on Standard Oil Tanker



7. Mess Boy's Mess on a Grace Line Boat



8. The Galley Aboard Standard Oil SS, R. P. Resor



6. One Half Pantry on United Fruit Company's Veragua

A NEW WORD

By EDNA ROWE



AM WALKING along Pennsylvania Ave.

The bleachers are almost completed. The workmen are hammering to the tune of "One in a Million" from the loud speakers in every section. The paper blossoms are all fastened to the

magnolias beside the portico of the Hermitage, erected for a few hours' use by \$11,000 donated by the local cafes and restaurants.

The boys are hawking: "Offish Nugral Programs!"

All good business. And rather Big business.

AND I'm wondering—
About all this Big Business Bogie.
Who is this Big Bad Business man whose dire deeds frighten our little college children?

BUSINESS in itself can't be bad. Just trade and barter. A universal requisite to obtain shelter, food and clothing.

GOVERNMENT is certainly not more fundamental. It is important in proportion to its ability to help business (which is every man who gives something for something) survive and prosper.

STATESMEN—isn't it true?—are in business for the good of the people and for the maintenance and prestige of themselves and their families.

I PRESUME that most statesmen, industrialists, farmers, lawyers, grocers or ministers are honest men striving to earn a living and attain security with integrity. Some are "big." Some are "little." But all of these are "good" business men.

WELL—then there are probably a few—oh I guess very few in proportion to the others—who are corrupt and unscrupulous. They—corrupt politicians, corrupt industrialists, corrupt doctors, corrupt lawyers, corrupt educators, agriculturists or ministers—are in business solely for the profit to themselves. Men, we might say, all of them, who have not played fair with their neighbors.

STILL, has that anything to do with bigness? Every little lawyer proudly hopes to become a big one.

Every struggling journalist, a Big Shot. Every small interne, a big physician. And we respect

him for his fine ambition and laud him when he attains it.

WELL—every honest little store-keeper wants to become a respected big merchant, too, doesn't he? But he can't! Because then he will be a "Big Business Man."

He will automatically lose his integrity. He will be something of a demon—the worm at the core of our civilization.

POOR honest little business man who can never become big without becoming rotten!

I'M wondering-

If all this muddle isn't because the industry group

hasn't developed, as the others have, a "name for it."

There is no damning epithet for those in commerce who disgrace their kind.

There should be a fine terse symbol. Pictorial, Dramatic. But with inescapable opprobrium.

Lack of such a name branded upon the unscrupulous by their scrupulous fellows seems pretty insulting to the millions of hardworking, square-dealing God-fearing American men and women.

It bewilders them, wounds them,

I'm sure. Demoralizes them.

FOR corrupt lawyers are shysters. Corrupt doctors are quacks. Crooked officials are grafters. All terms that emotionally repel.

BUT "profiteer" doesn't repel. Profit is an accepted and desirable thing and, except in wartime, excites no horror reflex.

Robber Baron was colorful but glorified the evildoer rather than deflated or ridiculed.

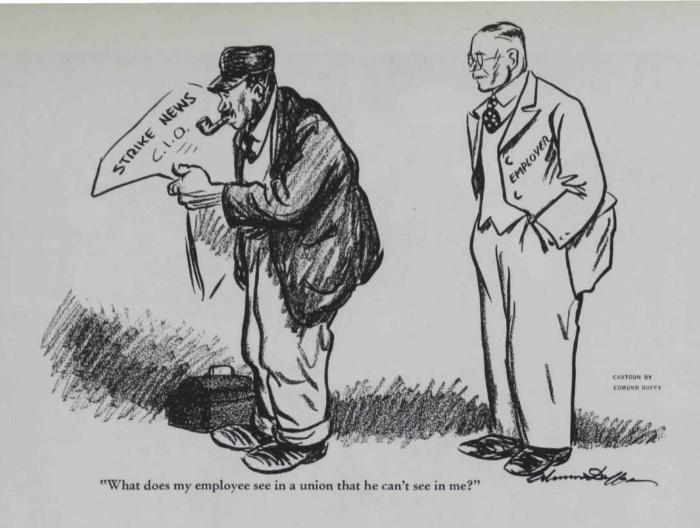
Money-changers was limited and not exactly modern.

PERHAPS what business really needs is not resolutions or referenda— Not a new government Nor a new leaf

Nor even a new attitude—

But just A NEW WORD





Mr. Organizer vs. Mr. Employer

By WHITING WILLIAMS

AS an employer, you offer your workers "Job-Opportunity." The labor leader offers "job-security." You can make your offer more attractive if you will

WE ARE seeing today a nationwide selling contest between Mr. Employer and Mr. Labor Organizer. The customer whose confidence, following, and cooperation are the contest's prize is the country's industrial wageearner.

That this prize is considered highly valuable, worth literally millions, by Mr. Organizer needs slight demonstration, and no one need be adept at figures to understand that if this same customer's confidence were obtained in the form, not simply of a negative absence of trouble, but of real cooperation in the daily job, the "sale" would be worth almost anything it might cost his employer.

Nevertheless, from my close obser-

vation of this selling contest during the past three years, it looks as though the employer were guilty of paying too little attention to three of these four most important rules of successful selling:

Rule I. Study your product. Rule II. Study your customer. Rule III. Study your customer some

Rule IV. Study your customer still more!

For one thing, the industrialist has lately given considerably more attention to his competitor, the outside organizer, than to his customer inside his plant. At this very moment Mr. Employer is likely asking:

"What do you think C. I. O. is go-

ing to do? How far is it going to get? What is likely to be its next move?"

What he should be asking is:

"What do you think my average, typical employee sees in my competitor which he would like to see in me?"

Worse still, too many employers are today learning more about their Customer from their Competitor than from their customer himself—accepting the version of their workers' needs, viewpoints and desires offered not by the workers themselves but by their would-be representative.

This aspirant for the worker's acceptance tries to convince both the employer and the public, also the country's legislators, that the gulf which separates the employer from his employees is not only a huge and well nigh uncrossable chasm but that it is filled with huge, historic, classwide fundamental issues—issues too ancient, inherent, complex and, yes, mysterious, to be understood by anyone not devoting, like the leader, his entire waking time to unravelling

(Continued on page 83)



PHOTOGRAPHER'S impression of the Income Tax offices in Washington as the first of the current returns began to make their appearance. With the struggle over your own return still fresh in mind, you should appreciate the Bureau's job of analyzing 5,000,000 of them

After You Make Your Return



ANYONE who ever hit the jackpot of a coin machine understands how the United States Treasury contemplates the coming of March 15, the deadline for at least the first installment of the past year's income tax.

For a time (since January 1, for the Treasury) the machine has been spitting forth small sums of money. Then, zing! A sudden flood of it comes clattering down! How much this flood of wealth amounts to nobody knows till the last nickel drops. And to get the last nickel it may be necessary to shake the machine—vigorously.

The March tax installments always exceed, but still are the measure for, the quarterly payments of June, September and December. They are higher because a substantial number of persons, either through affluence or desire not to be bothered later, prefer to pay the tax all at once. A few send checks in January and February. At any rate March provides a key for what will come later.

For the past four years, the March installments have climbed gradually from the low of 1932, which was \$160,000,000. Last year's installment, \$413,000,000, was 47 per cent higher than the previous year's. (The all-

Twenty-six carloads of blanks, weighing a million pounds are printed annually. Some of these are stacked in the corridors awaiting distribution. The Government Printing Office supplies 20 types of blanks in connection with the tax. Many of these will eventually reappear at the Internal Revenue Bureau as tax returns



Incoming returns are first sorted as to section and state. Later they are broken down further, individual returns into two groups—large and small; corporation returns into three on a slightly different basis. The files in the background contain 25,000 returns. The room itself holds 6,000,000



One of the four card units of the statistical section. Here information given in returns is transferred to punched cards, coded as to section, state, amount of return, taxable and non-taxable items, etc. It is expected that 24,000,000 of these cards will be punched this year



Sorting machines handling 420 cards a minute compile the information into statistics on wages, income, and so on, transcribe it on rolls of paper where errors are easily noted. Machines are so complex that the manufacturer keeps two employees in the department at all times to make necessary repairs



Employers report salaries paid and to whom. Individuals report salaries received and from whom. In this section these reports are assembled so that they may be checked against each other. About 18,000,000 such reports are expected to reach the Bureau this year

time big money came in 1920, when it amounted to \$860,000,000.)

That the payments of March, 1937, will be greater than last year's seems to be a reasonable expectation in the light of more widespread employment and other improved economic factors, increases in some of the rates and more rigid enforcement of the law. The Treasury Department anticipates that the collections will be \$800,000,000,000—possibly more.

On hand to get the money

BEING there when the money clatters down, and depositing it for safe, if temporary, keeping, is the business of the internal revenue collectors in 64 collection districts throughout the country. Seeing that the last nickle drops is the job of the Income Tax Unit of the Internal Revenue Bureau.

On March 15 those required to file returns will report their 1936 incomes on appropriate forms. (In connection with the collection of the tax, the Government Printing Office annually produces 52,000,000 blanks of 20 different types, weighing a million pounds and requiring 26 railroad cars to transport.)

On March 16, after the carriers have staggered in with the morning's mail, the Treasury employees who handle the job will crawl from under the deluge and start working with the pencils and adding machines they sharpened or oiled March 14.

On March 17 the speed with which they work will resemble that of a factory with an assembly line, except that the process is reversed. It is a disassembly line where the returns are taken apart.

In 1936, covering the calendar year 1935, five million returns poured in on the Internal Revenue Bureau, four and a half from individuals, using one or the other of two printed forms. and a half million from corporations. using a third. From individuals, the number of returns has fluctuated tremendously from year to year-because of business conditions and occasional changes in tax base. From corporations, the number moves slightly upward from year to year, by from three to five per cent, a natural increase corresponding with the normal growth of the country.

To try to predict how many individual returns will be filed March 15 is difficult. Treasury officials believe the number will jump from last year's four and a half millions to something more than five—and an optimistic few would not be surprised if it neared five and a half. Number of returns, however, is not a reliable barometer of revenue. More than half the returns in recent years have shown no taxable income. (The num-

ber increased from 39 per cent in 1930 to 56 per cent in 1936.)

From a business standpoint, an increase in the number of returns would be good news, since it would indicate better conditions generally. High tide in the number came in 1924, with nearly 8,000,000; ebb, in 1932, with three and a quarter—but there was a change in the tax base.

Among others in the mail of March 16 will be the returns of a banker, in Philadelphia, Pa., and a singing teacher in New Philadelphia, Ohio.

The banker, whose income has come from various sources and totals \$100,000 will have made his return on Form 1040, for incomes of more than \$5,000. The teacher, whose entire income is her salary of \$1,500, will have had an easier time with the simple Form 1040A, for incomes of \$5,000 or less. Both of them will have figured out what they consider they owe. The banker will have mailed a check for his tax, the teacher a money order for hers. The thing the revenue collector will do first, naturally, is see that these payments are at hand.

Then the business of sorting the returns will begin. There will be two piles. To one will go the big returns, to the other, the small.

Returns are checked by deputies

THE small returns will be carried, presently, to the deputy revenue collectors, constituting the staffs immediately under the collectors and frequently in charge of branch offices in their districts. These returns, mostly, will be simple reports of modest salaries and other earnings, less the exemptions and deductions explained in the form.

A deputy, after some experience in examining this type of return, can tell almost at a glance whether it should be accepted as it stands or investigated. The amount of the income is checked with that shown in previous returns, the extent of the deductions is examined and the accuracy of the computations confirmed.

If too many deductions have been made the deputy will write and complain. If everything is in order, the return will go to the files.

All the returns showing incomes exceeding \$5,000 will be sent to the Washington office, where they will be sorted. Again there will be two piles—returns showing income of \$25,000 or more, and returns showing less (but more than \$5,000).

The returns showing less than \$25,-000 (but more than \$5,000) immediately will go to the auditors in the Income Tax Unit for scrutiny. Those that do not seem to need further in-



There are five auditing divisions, each including eight units like this, four of which handle corporation returns, four individual. Largest single division handles only returns from New York State. Many auditors are C.P.A.'s, many are lawyers as well. Each tape-bound bundle shown here is a single "case"



One hundred trained experts in the engineering division give technical advice. Experienced appraisers, they are called upon to evaluate machinery, factory equipment or property, check depreciation figures, and so on when questions arise as to whether deductions claimed in a return are justified



Most controversies over returns represent honest differences of opinion. Where fraud is suspected, the Adjustment Division takes charge. This photo, posed for Nation's Business by division employees shows the reception accorded those summoned to Washington to explain their returns. It happens only occasionally

those that seem to require investigation will be sent back to the field, to the branch offices of the Income Tax Unit.

The returns showing incomes of \$25,000 or more also will be sent back to the field for investigation by the Income Tax Unit branches.

The income tax returns of corporations also will reach the collectors' offices on or before March 16, having been mailed not later than March 15. They will be on Form 1120.

These will be sent to Washington immediately, and there, in the Income Tax Unit, they will be sorted into three piles.

To the first pile will go all those which show a gross income of \$75,-000 or more, on which tax has been or is to be paid.

To the second will go all those which show a gross income of less than \$75,000, whether taxable or not. and also all those which show a gross income exceeding \$75,000, but not \$125,000, on which no tax is shown to be due.

To the third will go all those which show gross income exceeding \$125,-000 but on which no tax is shown to be due.

The returns in the first and third piles will be returned to the field offices. The remainder will go to the audit section of the Income Tax Unit in Washington to determine whether they should be approved or sent to the field.

In the end, all returns sent by Washington to the field

vestigation will be sent to the files; must be returned to Washington for final approval.

The field representatives of the Income Tax Unit, officially known as revenue agents, examined the records supporting about 900,000 returns, both corporate and individual, during the Government's last fiscal year, ended June 30. Of these, about 410,-000 were changed.

Extra tax exceeds refunds

IT IS the boast of the Internal Revenue Bureau that the additional tax assessed on all these returns exceeded the refunds, etc., by more than \$340,000,000. Assessment is one thing, of course; collection another.

Further, it is the boast of the Bureau that only two per cent of disputed cases find their way to the United States Board of Tax Appeals or to the federal courts, the taxpayer's recourse if he refuses to accept the findings of the Income Tax Unit.

But it also is true that, in the cases which go to the Board of Tax Appeals and to the courts, less than 40 per cent of the deficiencies assessed by the Unit are sustained.

Most of the disputes arise over

But fraud occasionally is found. About 500 cases in which tax evasion is deliberately planned bob up in the course of a year. The Intelligence Unit of the Internal Revenue Bureau handles these cases in cooperation with the Income Tax Unit. Through this channel about \$30,000,000 is collected each year in back taxes, penalties and interest.

The personnel of the Income Tax Unit numbers about 6,000 in Washington and in the field. Its revenue agents-numbering 3,000 and covering the United States from 38 division headquarters, are the backbone of the service.

To win appointment, they pass a civil service examination; and, among other requirements for the job is five years general ledger bookkeeping experience and two years public accounting. A substantial number are certified public accountants and many are lawyers as well. They are schooled in Washington before engaging in work in the field. When under consideration for appointment their backgrounds and modes of living are investigated, to minimize the possibility of susceptibility to temptation and corruption.

The complicated character of and



Correspondence pertaining to tax cases is handled in this section. In addition, a stenographic pool supplies additional help to sections temporarily hard pressed

interpretations of the law, honest issues between the taxpayer and the Government as to whether items are or are not taxable. The Income Tax Unit contends that, where doubt exists over interpretation, it is human nature for the taxpayer to choose the course least expensive to him.

the large sums involved in the returns of the great corporations, as well as certain individuals, necessitates the assignment of the more skilled agents to this particular work, and usually they are men with at least ten years' experience in public accounting. But the agents are not encouraged to become specialists in any type of return. Accounting is accounting the world over, the officials

(Continued on page 90)

Returns that have run the gauntlet go to the file cases that line the rooms and halls. This corridor extends two city blocks

Burroughs

4 PAYROLL WRITING

COMPLETE SOCIAL SECURITY RECORDS at a LOWER COST

THE PAYROLL

The complete payroll and check register in one unit shows the gross pay, all deductions, and the net pay for all employees. Separate totals for all columns accumulate automatically.

2 EARNINGS RECORD

Complete individual progressive record for each employee shows time worked, gross earnings, deductions, and net pay for any and all periods. Provides information needed for old age benefits, unemployment insurance, and income tax reports.

3 EMPLOYEE'S STATEMENT

This receipt for deductions, which the law requires be given to each employee at each pay period, also shows the individual's gross earnings, all deductions, and net pay. It can be retained permanently by the employee.

4. PAY CHECK or pay envelope

Since the check or pay envelope is written with the above three records, the amount is in perfect accord with these records.

These four payroll records can be produced as one fast job on any one of the many new payroll machines Burroughs provides especially for this work. Regardless of the size of your payroll, or the nature of your payroll handling problem—these new machines can bring to you the substantial savings in time and money they are bringing to many concerns in all lines of business. It will pay you to investigate. For quick action, telephone your local Burroughs office or wire direct today. Or mail the coupon.



SEND FOR THIS NEW PAYROLL FOLDER!

BURROUGHS ADDING MACHINE COMPANY, 6003 SECOND BLVD., DETROIT, MICH. Send me the new folder "Modern Payroll Methods"—which includes illustrations of forms for compiling figures required by the Social Security Act.

lame	Type of Busine	ess_

Address.

The Map of the Nation's Business

By FRANK GREENE



JANUARY was an active month despite strikes and the flooding of the Ohio Valley. Although the shipping strike on the Pacific Coast practically ended with the month, labor troubles in plate and safety glass manufacturing and the sit-down strike in the automobile industries, resulted in a country wide closing of General Motor plants.

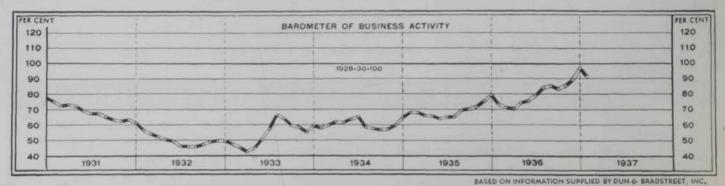
Weather conditions were adverse in other sections. California reported much damage to citrus fruit crops from cold; while sleet storms in the Middle West rendered country roads impassable.

Commodity prices continued strong although tending to level off from recent peak points. Petroleum prices rose as stocks dwindled to the lowest in 15 years. In wholesale markets, there was reported sales of \$60,000,000 worth of goods at the American Furniture Market.

Winter wheat planting was placed at 57,000,000 acres, the largest on record. Foreign trade during 1936 showed the smallest export trade balance since 1895. Business failures in January were 27 per cent below last year.

Shading of the map in the eastern half of the country, due to floods and strikes, is partially balanced by the much needed moisture in the West





The more than seasonal decline in the January Barometer reflects the interruptions caused by labor difficulties and floods in industrial areas

\Ton-stop"incomes...



At regular intervals of about an hour, "Old Faithful" sends forth its giant geyser of boiling water and steam.

THE regularity with which thousands of men, women, and children receive life insurance income checks each month may be compared with the certainty of "Old Faithful's" eruptions.

You, too, can arrange to have your hard-earned and harder-saved dollars provide a regular income for your wife and children should anything happen to you. You can also plan for your own future security should you live to retirement age, as you probably will. A Life Insurance Program is the modern way and, for many men, the only way to assure themselves that these ends will be accomplished.

A "non-stop" income may be included in your Life Insurance Program. Ask a Metropolitan Field-Man to help you prepare a Program which will be adjusted to your present income and the

future requirements of yourself and your family. Telephone the nearest Metropolitan office and ask him to call — or mail the coupon.

The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER Chairman of the Board LEROY A. LINCOLN President

ONE MADISON AVENUE, NEW YORK, N. Y.

Metropolitan Life Insurance Company 1 Madison Avenue, New York, N. Y.

Without obligation on my part, I would like to have information regarding a Life Insurance Program to meet my needs,

No Business Can Escape Change

Business continually seeks new things to market — the public equally seeks them for use

- 1 ALUMINUM paint made with a new vehicle fuses to metal so that it may be heated red hot without harming the paint. This vehicle may be used with either paste or powder.
- 2 RANCIDITY in vegetable and animal oils, soaps and cosmetic creams is prevented by addition of three-hundredths of one per cent of a cream-colored chemical which does not affect colors or aromatic odors. It does not cause skin irritation.
- 3 FOR MILADY there is now a vanity box with a light which reflects on the face to aid in careful make-up. A mirror covers the whole inside cover. There is a compartment for powder and puff or lipstick and other small objects. . . .
- 4 AN AUTOMATIC coal stoker for home or industrial use may be rolled away from the furnace to the coal bin for refilling. An overfeed type, it can be applied to existing furnaces without alterations. . . .
- 5 MORE uniform heat is obtained with a unit heater having a revolving discharge which swings through a full 360 degrees. It avoids hot spots, at the same time giving uniform heat to all spots in its orbit. . . .
- 6 A BILL-WRITING machine for handling continuous forms is all-electric—carriage return, back spacer, and all. It features a continuous underscorer and other improvements....
- 7 A MECHANICAL clothes dryer for home use has been developed using about the same floor space as a washing machine. It whirls the clothes, heats gently, and blows dry air in
- **8** AUTO windshields are kept clean in spite of dusty or muddy roads with a new automatic windshield washer. You push a button without stopping and a small water fountain sprays and the regular wiper cleans and dries. Cuts down glare as well as improving visibility. . . .
- **9** A PROTECTIVE device for fractional horsepower electric motors is now made to disconnect the motor from the line when a dangerous temperature is reached and reconnect it after a short cooling interval. It is completely self-contained, ready for mounting on the motor. . . .
- 10 A NEW automatic gas water heater is built into a table-high cabinet usable as a small kitchen table. Temperature is adjustable from 135° to 165° Fahrenheit. A fin-type heat exchanger and small spherical storage tank are said to increase efficiency. . . .
- 11 WATER in pneumatic tractor tires is said to allow normal cushioning and prevent bouncing better than wheel weights. A new inexpensive adapter has been developed to connect garden hose and tire valve, greatly facilitating the tire filling job. . . .
- 12 FIVE-GALLON pails with a top that comes off completely, yet is easily replaced and resealed, are now offered for shipment of liquids as well as solids. No tools are needed. The pails are said to fill more quickly, open easier. Tamperproof seals may be applied. . . .
- 13 A ROLLER for road maintenance and other work, built to travel as a trailer at truck speed, is now motorized to do heavier jobs with speed and ease. . . .

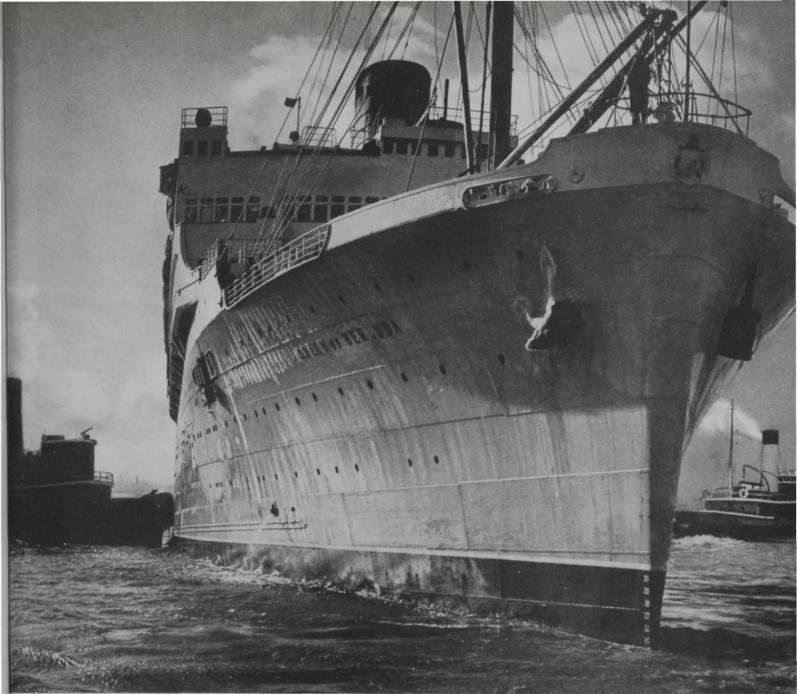
- 14 A SPACE-SAVING desk lamp is now available for desks that are too small or crowded for the pedestal type. It clamps to the edge and a swinging arm puts it over the work
- 15 A NEW inkwell is built to flush and fill ordinary fountain pens with pressure only—no resort to the pen-filling mechanism. Cleaner and quicker for fountain pens, it's usable for dip pens, too. . . .
- 16 A NOVEL coin-operated electric shoe-shining machine applies polish then shines the shoes. It's said to require little servicing. . . .
- 17 A MIDGET electric water still, capacity one quart an hour, can be set on shelf or table corner without permanent plumbing connections. For efficiency inlet water is first heated by the condensing vapor. . . .
- 18 AN ASH-TRAY is now available that may be installed as an integral part of a table, sunk nearly flush with the top so that it may easily be brushed over. For restaurants particularly and card tables: they cannot be knocked off, broken or lost. The ash receptacle is easily removable. . . .



- **24** A NOVEL electric sign for store windows may be altered at will without tools. Boxes with removable translucent letters light up consecutively and automatically to spell the message. . . .
- 19 A NEW typewriter ribbon made of cellulose is lint free, thus keeping type characters cleaner. It holds the ink in suspension rather than absorption and is said to give clear impressions longer. . . .
- **20** PAINT SPRAY guns for relatively inaccessible places are now made with extension arms. Several styles and angles of tips are available. There is also a circular extension spray for spraying the inside of pipes or barrels. . . .
- 21 A NEW paper for advertising and sales literature is given the appearance of two deckles by a color band at the edge of the sheet. The paper is also available in duplex colors. . . .
- **22** A NOVEL table game takes advantage of our detective instincts. The murder is committed on the table by moving characters. It's then up to the detective to find the murderer. . . .
- 23 AN INSULATED chamber holding a thermometer makes it possible to take temperatures accurately at any level in storage tanks and tank cars. It operates on both light and viscous materials. . . .

-WILLARD L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.



TOGRAPH BY GEORGE HUKAR

MASTER OF THE MIGHTY

sleek conqueror of a storm-mad ocean rides aghtily into port. But the journey is not done . . . until puffing little tugs take over the work of mmoth screws and safely nudge the giant to her tk. Once again, in its moment of triumph, mighty ver bows to its inevitable master . . . control. Introl is always more important than its size or cost icates. What it saves, how it protects, is seldom matically apparent. This is particularly true of tor Control. It is the vital link between men and dern machines. It is the midget master of millions horsepower in Industry's electric motors. Yet its

savings are usually buried in a mass of operating figures that ordinary bookkeeping never reveals.

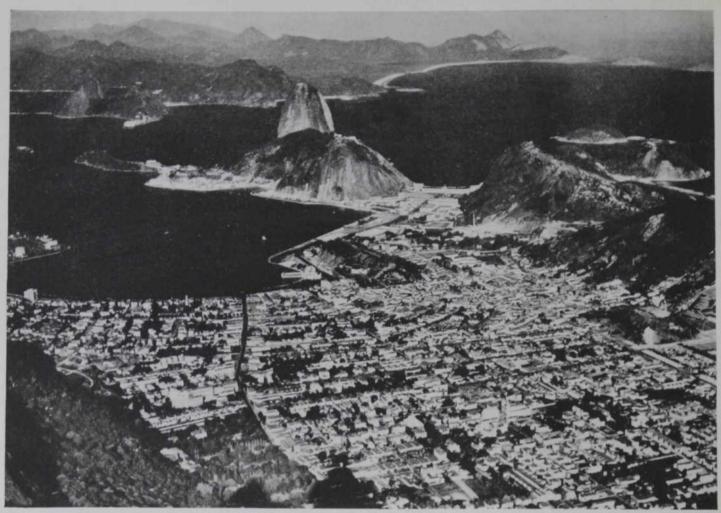
Thinking executives recognize this. They insist Motor Control must be selected with care, specified by name. That Cutler-Hammer Motor Control is specified most often, that outstanding machinery builders feature it in their motorized designs and that a host of reliable independent wholesalers stock Cutler-Hammer Motor Control exclusively is worthy of your consideration. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1251 St. Paul Avenue, Milwaukee, Wis.

What is Motor Control

Sometimes a group of buttons on machine, sometimes a box on the wa sometimes a whole room full of pane... Motor Control comes in a thousan different forms. Regardless of size, starts, stops, regulates and protects moto and machines ... four important dutie



UTLER-HAMMER @ MOTOR CONTROL



Rio de Janeiro, population more than a million, is the capital of a country bigger than the United States

Look South, Business Man!

BY HARPER SIBLEY

President, U. S. Chamber of Commerce

DID you ever hear of a city called New Orleans? Or Cincinnati? Or Kansas City? Or Seattle? To a resident of one of these places—or of Rochester, N. Y., to make it more personal—it is almost beyond

belief that a reasonably well educated person in this hemisphere should answer such a question in a negative. But suppose someone asks a similar question about a city called Recife? Suppose he even gives the clue that Recife is a city somewhat in the Oslo-Christiania class, and formerly was more often referred to as Pernambuco? This may stir some vague recollection of geography and map work in school days, but I can testify that it does not often score a convincing recognition of the place.

Yet Recife, Brazil, is a seaport and state capital with a population not far removed from a half-million. It was founded more than a hundred years before Plymouth Rock was located. It has the distinction of being at the easternmost point of South America. It is an important commercial center. It is a university city and center of culture. It has a million-dollar opera house, and a wealth

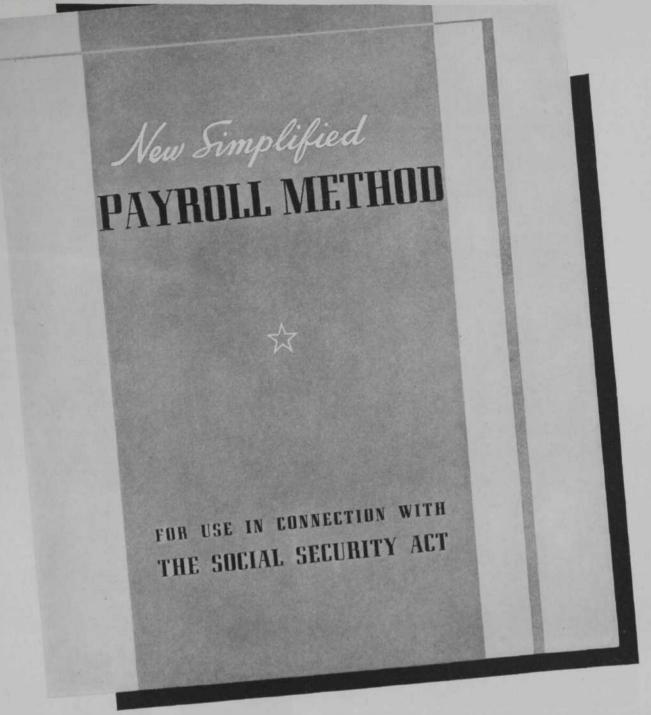
A MODERN picture of the 21 nations to the south which promise, not only enticing new markets but vigorous competition of other municipal attractions that many North American cities of comparable size might well admire, perhaps envy.

Lima, Santiago, Chile, Buenos Aires, Montevideo, São Paulo, and Rio de Ja-

neiro are South American names well known to all of us. But it takes a personal visit to them now to convey a real idea of their fine municipal equipment and their magnificent modern development.

Air cooling and air conditioning are new enough in the United States to make them distinct talking points. But don't think for an instant that the great cities to the south of us have overlooked these modern contributions to comfort and better living. They have not—nor have they neglected city-planning, port improvement, mass transportation, and provision of play-grounds and other recreation facilities.

Government records show that 6,500 American citizens in 1935 visited South American countries by steamship or aircraft. Whether it be on business, for recreation, or for cultural improvement, I am convinced from recent



A NEW and unique payroll method devised by the "Comptometer" research staff provides an ideal solution to payroll accounting problems resulting from Social Security legislation. The "Comptometer" Payroll Method provides for the recording of employee records with respect to earnings and deductions of all kinds in a simple, economical and highly flexible manner.

Outstanding features of this Method are (as in normal figure-work routine handled by "Comptometers"): accuracy, economy, speed and extreme adaptability.

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COMPTOMETER

experience that visitors from the United States will find travel there both stimulating and enjoyable. And it is wonderful for freshening up your geography and straightening out your thinking about these friendly southern neighbors of ours and our world relationships in general!

Through the courtesy of the President and Secretary Hull, I had the privilege of listening in at several important sessions of the Pan-American Peace Conference. I also met many business men of the South American countries and business men representing our leading American industries there, and had the pleasure of discussing with them the conditions and opportunities for trade between each of these countries and the United States. Besides all this I was able to see something of each of these nations, their cities and their great producing areas.

One thing that impressed me is that it is impossible to generalize about the 21 countries that participated in areas of rich, fertile soils, with suitable climate and rainfall, which have never been broken up by settlers. However, the system of land tenure and the conditions of living, to say nothing of the language, are so different from those in the United States that our farmers, unless they possess adequate capital to hire farm workers, should not attempt to compete with the present labor supply there.

Moreover, large deposits of minerals, including iron ore, still await development.

Good countries for agriculture

AS ONE greatly interested in agriculture, since my family has always owned and operated farms in different parts of the United States, I spent as much time as possible in the farm areas of the Argentine Republic and Brazil. The Argentine Republic today is, next to the United States, the largest producer of corn in the world,

and also produces much wheat and other grain as well as cattle, sheep and wool. Because of the wonderfully fertile soils, good rainfall and temperate climate, the possibilities for increasing production of the commodities seem almost unlimited in that nation.

Brazil, much larger than the Argentine and greater in area even than the United States, has hardly touched its agricultural possibilities. Besides being the greatest producer of coffee in the world, Brazil is rapidly in-



Modern buildings, many air-conditioned, line the streets in Montevideo. In far distance is the tallest building outside the United States, 32 stories

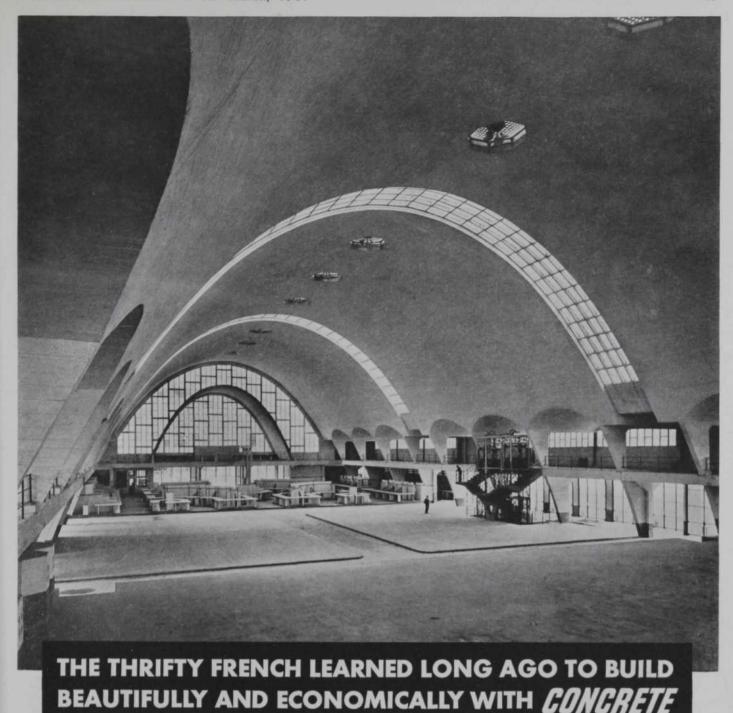
the Pan-American Conference. They are distinctive. Each one is as different from the others in many aspects as are the various nations of Europe. As a matter of fact, two adjoining countries in South America are often, as a whole, as different one from the other as the United States, as a whole, is different from Mexico. I had not fully appreciated this.

We all recognize that Canada and the United States and Mexico have no uniform opinions on national or international problems, but probably many of us would not realize that there is the same diversity among the South American nations,

A second impression that I bring back is the fact that there are still vast areas of good land to be settled and worked on the South American continent. Fifty years ago in the United States much land was still available for settlement, and thousands of our citizens were responding to the urge to move westward. Today practically all the good lands in the United States are settled. As a matter of fact, dry lands have been settled that ought never to have been homesteaded. In South America, however, notably in Brazil and the Argentine, are vast



Modern traffic in Cartagena passes a spire built by the Spanish four centuries ago



Market Building at Rheims, France. Architect: E. Maigrot. Builders: the Limousin Company.

French artistry and thrift are well exemplified in the great market building at Rheims. There is no subterfuge, no attempt at concealment or imitation of other materials. Unadorned concrete is used simply and beautifully to create a distinguished structure.

Of course this building is firesafe, weather resistant, enduring. But it is also low in first cost and singularly free from maintenance expense—thanks to concrete. For this modern material permits walls and ornament to be cast integrally with frame and floors.

Ask your architect or engineer about this money-saving technique. The new factory, store, theater, school or public building in which you are interested should be one of the hundreds being built with concrete. Booklet, "Beauty in Walls of Architectural Concrete," showing interesting examples, sent on request.

Architectural Concrete

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INTEGRALLY WITH FRAME AND FLOORS

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A National Organization to Improve and Extend the Uses of Concrete

creasing cotton acreage. Five years ago the state of São Paulo had only about 250,000 acres in cotton. This past year 2,500,000 acres were planted to cotton, and next year the acreage will be more than 3,000,000. Representatives of our United States Department of Agriculture who have investigated this one Brazilian state carefully believe that more than 20,000,000 acres never planted to any crop, are suitable for cotton. In other words, this is rich, virgin soil which only needs to be cleared to become first-class cotton land.

The intense interest in increasing cotton production throughout Brazil is due to three major factors—the first of which was the collapse of coffee prices because of vast overproduction. The agricultural producers are hunting for other crops which will be more profitable to them.

Second, it is only within the past few years that the farmers in the state of São Paulo have discovered that their section is eminently suited to cotton production, especially with those varieties which the Brazilian Govern-

ment have adapted to their conditions. Heretofore poor varieties and poor practices brought rather unsatisfactory results to the cotton growers. Now, however, with seed carefully controlled by the Government, the cotton yields on these virgin soils are satisfactory and uniform.

Third, the recently improving world prices for cotton, combined with the greatly depreciated value of Brazilian currency have brought a satisfactory return to the Brazilian cotton grower, at least in his own currency. Undoubtedly the action of the United States Government in supporting and raising cotton prices in the United States had, as one effect, larger cotton production in Brazil and Argentine. But I am convinced that the acreage in cotton in these South American countries would be increasing in any event.

Although the peoples of Brazil, the Argentine Republic, and the other South American countries are likely to increase the output from their farms and ranches, there is little probability that they will be able to enlarge im-

(Continued on page 112)

Re-enthroning Work



Need rather than service rendered governed the amount of work receipts issued to members taking part in the plan

How a Church can help take care of its own has been ably demonstrated by the Church of the Latter Day Saints in Utah. The aim of the Church as expressed by its president, Heber J. Grant, "Is to help the people help themselves. Work is to be reenthroned as the ruling principle of the lives of our Church membership. Our aim was to establish a system under which the curse of idleness would be ended, the evils of a dole abolished, and independence, industry, thrift and self-respect established among our people."

In accordance with the Plan the entire project was accomplished by the voluntary gift or labor of members of the Church with the addition of a few gifts by non-members.

Church members donated the use of more than 2,300 acres of farming land on which the workers raised more than 4,000 bushels of wheat, 13,000 pounds of beans, 14,000 pounds of vegetables and other foods. Almost 300,000 cans of vegetables and fruits were processed and 23,000 articles of clothing made by women who gathered in canning factories and sewing centers.

Workers exchanged non-transferable work receipts for food and other necessities and payment was made on basis of need rather than exact amount of service rendered.



Adequate bedding was provided for every person in need

HOW TRUCKS RUSHED FOOD TO STRICKEN FLOOD AREA



made lakes covered homes, stores, restaurants. Hundreds of thousands of homeless fled

the mad Ohio River. By phone, wire and radio came frantic appeals for aid.

"To supply food to dozens of Indiana, Ohio and Kentucky cities the

Chas. Sucher Packing Company of Dayton kept its fleet of 34 trucks running 24 hours a day. It was load up and drive, load up and drive with notaminute to waste. Through driving rainstorms and blinding sleet the trucks fought their way. Tires found a foot-ing on roads half washed away. There was a terrific strain on driver, truck and tires. "Believe me, it's in times such as this when human lives are

These trucks all roll on Goodrich Triple Protected Silvertowns. And Silvertowns carried them through the emergency without a single tire delay.

Lowell Thomas's story is typical of truckers' experience with Goodrich Silvertowns. For the big loads, on the hard hauls,



... Ten Tons of Meat Ready to Roll ...

where minutes count - you usually find Silvertowns. It's because of a special construc-tion—Triple Protection—that checks 80% of all premature failures. This development

outs, increased mileage, lower repair bills. Money saved.

Here's why. All Silvertowns for trucks have this extra protection built into the heart of the tire:

- PLYFLEX distributes stresses throughout the tire - prevents ply separation-checks local weakness.
- PLY-LOCK-protects the tire I from breaks caused by short plies tearing loose above the bead.
- 100% FULL-FLOATING CORDeliminates cross cords from all plies - reduces heat in the tire 12%.

NO EXTRA COST

There's the tire you should have for your trucks whether you haul lumber, dirt, laun-dry or milk. It will save you real money. Naturally, it costs more to build a tire

with Triple Protection. But it costs you nothing extra. Ask any Goodrich dealer for prices.

Read What Mr. Sucher Says

Charles F. Sucher, President of the Chas. Sucher Packing Co., says, "We find that Triple Pro-tection does everything that is claimed for it. We have not had a single premature failure with Goodrich Silvertowns. For nine months our total tire repair bill for 34 trucks was only \$65.75."



Goodrich Triple Silvertow

Diesel's Dream Comes True





This 900 horsepower, 12 cylinder Diesel in the Union Pacific streamlined train was the first V-type Diesel ever used in high speed passenger service. It drives the generator which makes electricity for the driving motors

Diesel engine installed in an auto showing feeding mechanism (used instead of carburetor) which forces fuel into cylinders under pressures reaching 4,000 pounds



Although clean fuel is essential if Diesel engines are to work well, Diesel tractors now handle dirty jobs with no difficulty

N 1892, Rudolf Diesel, Paris-born Bavarian inventor, patented an engine burning powdered coal blown into the cylinder by compressed air. He said later that this engine, using coal or some other fuel, "doubled the power resources of mankind." The inventor disappeared mysteriously off a boat in the English channel in 1913. Could he return today, he would find that the United States, outstripping even his optimistic vision, now leads the world in manufacture and use of Diesel power.

Not yet ready for use in private automobiles, modern Diesel engines do many jobs well. Difficulties already eliminated include varying quality of fuels and complicated servicing and upkeep. Diesels are now so fool-proof that those with negligible mechanical skill operate Diesel powered tractors.

Difficulties being overcome include weight made necessary by tremendous pressures, high first cost, hard starting.

Chief difference between Diesel and gasoline engines is ignition; Diesel uses no spark, depends on compression for firing. Chief advantage of Diesel power is cheap operation—a Diesel motored automobile crossed the continent using \$7.63 worth of fuel.

Sales, down during depression, climbed in 1936 to four times 1929 total. Streamlined trains gave a spectacular boost but about half the horsepower output went into tractors with Caterpillar Tractor Co., Peoria, Ill., leading the field.



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Also, Frigidaire means a tremendous saving in actual dollars and cents over old-fashioned methods. A saving so great that Frigidaire really pays for itself in a short time, and continues to earn a big investment return for years to come.

Frigidaire equipment has the flexibility and capacity to meet every industrial requirement – completely, efficiently and economically. It will pay you to get full details and first-hand information. . . . For free survey and estimate,

see your local Frigidaire Dealer, or write Frigidaire Division, General Motors Sales Corporation, Department 66-3, Dayton, Ohio.





"Congress would be invested with the power to regulate every branch of human industry ... "-U.S. Supreme Court

A NEW CHARTER of freedom for American business is promised by Senator Joseph C. O'Mahoney of Wyoming. Uncertainty will be removed from business in interstate commerce, says the author of the bill introduced in the Senate on January 6, because there will be no necessity for any board or commission to exercise discretionary power. In the Senator's view, the proposal will constitute a virtual code for the conduct of business.

Examination of the bill discloses a three-fold approach to federal control of corporate practices and charters through exercise of an enlarged commerce power. Not only does the proposal extend to corporations engaged in interstate and foreign commerce and commerce with the Indian tribes, but it reaches as well corporations which get materials in commerce for the production of articles that are to be put into or affect commerce or that are sold to retail deal-

The licensing provisions come first. These provide that, after December 31, 1937, no corporation may engage in commerce without first obtaining a federal license. Licensees would be prohibited from:

Discriminating in any way against female employees who perform services approximately equivalent to those performed by male employees.

Engaging in unfair methods of competition as defined by the federal courts or the Federal Trade Commission.

Employing child labor.

Interfering with the employees' right to self-organization.

Refusing to bargain collectively with employees' representatives.

Regulating hours and wages

IN such collective bargaining, licensees would be guided by the following objectives:

Rates of pay of employees shall be increased, and hours of work shall be reduced in accordance with gains in the profits and in the productive efficiency of industry arising from increased mechanization, improvements in technological methods, or from other causes, to the end that employees shall have an equitable participation in the value of the output of industry, and that employment and mass-purchasing power may keep pace with the productive accomplishment of industry.

Violation of the licensing provisions or of any other provisions of the law would be punished by fines based upon a percentage of the capital stock of the corporation involved, or in extreme cases, a permanent injunction against engaging in com-

These licensee provisions must be observed also by all contractors supplying the government or its agencies or instrumentalities with goods or public works. This goes much be-

THE BILL providing for licensing of corporations, now receiving serious study, is one of the most farreaching ever proposed for requlating business. It is intended to be

> yond the Walsh-Healey Act in scope and rigor. It promises serious difficulties in connection with purchases for national defense, since it makes no exceptions for emergency purchases, such as the Walsh-Healey Act does. And it would apply to all government purchases, no matter how small, instead of being limited to purchases of \$10,000 or more, as in the present law.

> Furthermore, no agency or instrumentality of the Government would be permitted to make loans to any business subject to the bill which had failed to obtain a license. National banks have been held to be instrumentalities of the national government.

> Presumably, these banks, along with the R. F. C. and similar agencies, would be prohibited under severe penalties from making any loans whatever to corporations engaged in commerce unless the borrower first obtained a federal license.

> This constitutes the licensing portion of the bill. Another portion applies to all corporations engaging in commerce after January 1, 1938, whether licensed or not. These provisions:

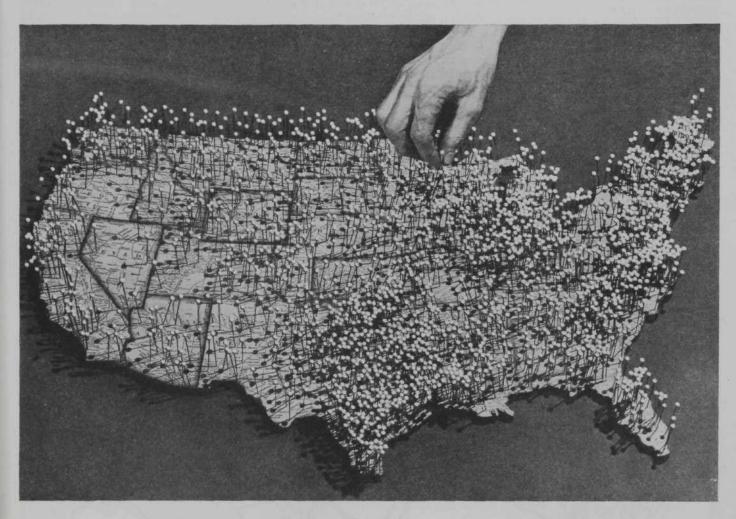
> Require that the corporation have its chief place of business and its executive offices within the state or territory in which incorporated.

> Prohibit corporate ownership in the stock of another corporation unless the corporate owner had such power on the date of enactment of the measure and the stock held is that of a subsidiary of the corporation.

> Require that all stock have equal voting rights at all stockholders' meetings,

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Petroleum Products

notwithstanding charter provisions for non-voting stock.

Prohibit a corporation from voting stock held by it, but permit the stock-holders of the corporation to cast their pro rata share of the stock held by the corporation.

Prohibit service as officer or director by other than actual shareholders of the

corporation.

Require that stock be fully paid, or that its issuance for property or services has been duly authorized by a competent court. (In requiring that stock issues for property or services must be authorized by a competent court, the proposal goes much beyond anything to be found in the Securities Act or in the Public Utility Holding Company Act. Existing state statutes providing for control of stock issues by administrative agencies apparently would have to be remodeled to provide for judicial control in order to meet these requirements.)

Prohibit a corporation with more than a specified number of employees from creating a surplus in excess of a specified percentage of its capital stock.

Provide that, where a corporation has more than a specified number of stockholders, any stockholder may deliver his proxy to a "corporation representative," selected by the Federal Trade and Civil Service Commissions.

Restricting child labor

OTHER portions of the proposal make elaborate provision for the creation of federal corporations under the supervision of the Federal Trade Commission. And, finally, Senator O'Mahoney's measure seeks to restrict child labor by subjecting the products of such labor to the control of the state into which such goods

are sent for sale or use. The measure also prohibits transportation of such goods into any state if they are to be received, sold or used in violation of state law.

Administration of the Act would be by the Federal Trade Commission, with its membership increased to nine.

Exempted from the provisions of the law would be agriculture, common carriers, communication companies, banking corporations, insurance companies, newspapers and corporations in which the United States holds a majority of the stock.

From this review of the highlights, it is apparent that the bill contains parts of the N. I. R. A., the Labor Relations Act, the Walsh-Healey Act, and a great many provisions not

heretofore in any statute.

Senator O'Mahoney realizes that many of the provisions of his proposed law depart radically from common practice, but he fervently believes in them and he is advocating them with the enthusiasm of an evangelist. A similar bill was introduced in 1935 but no effort was made to obtain its enactment. This year the measure, or similar legislation, has considerable support in Congress and is certain at least to be a subject of serious discussion.

Senator O'Mahoney believes such a law would be constitutional although he admits some of its provisions run counter to some of the interpretations of Supreme Court de-

cisions. His definition of interstate commerce is as broad as some of the court decisions seem to be narrow.

"Any business," said the Senator, "that affects interstate commerce is engaged in interstate commerce and is subject to federal regulation."

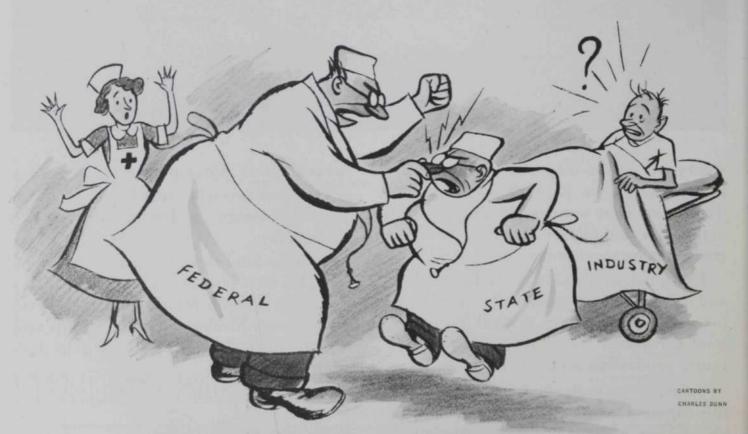
He presented this argument in spite of the language used by the Supreme Court in its unanimous decision holding the National Industrial Recovery Act unconstitutional. In response to the Government's claim that federal power extended to local sales because they "affected" interstate commerce, the Court said in that opinion:

Where the effect of intrastate transactions upon interstate commerce is merely indirect, such transactions remain within the domain of State power. If the commerce clause were construed to reach all enterprises and transactions which could be said to have an indirect effect upon interstate commerce, the federal authority would embrace practically all the activities of the people and the authority of the State over its domestic concerns would exist only by sufferance of the federal Government. Indeed, on such a theory, even the development of the State's commercial facilities would be subject to federal control.

Control over all business

APPARENTLY it is just such control, with a few minor exceptions, that the Senator from Wyoming proposes the Government shall exercise and which he defends as constitutional.

"Personally, I have no doubt of



"Interminable trouble would be presented . . . whether one power or the other should exercise the authority in question . . ."—U. S. Supreme Court

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What price a voice?

What is a good voice worth on the radio? What is a good voice worth on the screen? The box-office and the sales-chart will tell you. And if you were to use either medium in your advertising, you would be mighty particular about the quality of the voice that represented you.

Perhaps you are overlooking a voice over which you now have command...one that speaks for you many times a day. It is the voice of the paper that carries your correspondence, for in all written communications paper is the voice.

How much this voice is worth to you depends largely upon who you are and how you value the prestige of your business. If these intangibles are without price, then your letter paper should be the best you can buy. And the best paper for your letters . . . the paper that will speak for you with the utmost confidence . . . is paper made from rags.

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my position," Senator O'Mahoney says. "The Supreme Court has held on innumerable occasions that the power to regulate commerce is as complete and plenary as any other enumerated power. The courts have held that Congress has the power to protect interstate commerce from injury, and to do that it can interfere with intrastate commerce if necessary."

The prohibition of destructive competition by law is constitutional on this basis, Senator O'Mahoney believes, because commerce may be seriously injured and impeded by monopolistic practices and it may be seriously injured by improper wages, improper hours of labor, and price cutting.

"When products are put on the market at prices which do not cover such costs as ought to be maintained to protect the social structure, Congress has the right to intervene on the ground that commerce is being interfered with," Senator O'Mahoney continued.

"Furthermore," he says, "unemployment has increased with increased concentration of economic power

through corporate forms. Every business man must recognize that mass production can be successfully maintained only by mass consumption. This is a factual situation which materially affects commerce among the states. Any distinction between direct and indirect effect upon interstate commerce is a pure invention of the courts."

Commerce and manufactures

HOWEVER, the NRA decision merely applied principles long established. The opinion in that case refers to earlier decisions, in one of which this highly significant language appears:

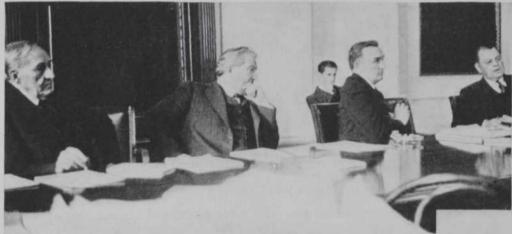
No distinction is more popular to the common mind, or more clearly expressed in economic and political literature, than that between manufactures and commerce. Manufacture is transformation—the fashioning of raw material into a change of form for use. The functions of commerce are different. . . If it be held that the term (commerce) includes the regulation of all such manufactures as are intended to be the subject of commercial transactions in the future, it is impossible to deny that it would also include all productive indus-

tries that contemplate the same thing. The result would be that Congress would be invested, to the exclusion of the States, with the power to regulate, not only manufacture, but also agriculture, horticulture, stock raising, domestic fisheries, mining-in short, every branch of human industry. For is there one of them that does not contemplate, more or less clearly, an interstate or foreign market? Does not the wheat grower of the Northwest, and the cotton planter of the South, plant, cultivate and harvest his crop with an eye on the prices at Liverpool, New York, and Chicago? The power being vested in Congress and denied to the States, it would follow as an inevitable result that the duty would devolve on Congress to regulate all of these delicate, multiform, and vital interests-interests which in their nature are, and must be, local in all the details of their successful management.

It is not necessary to enlarge on, but only to suggest, the impracticability of such a scheme, when we regard the multitudinous affairs involved, and the almost infinite variety of their minute details. . . .

But, argues Senator O'Mahoney, times have changed and definitions must change with them. He believes his proposal has been made necessary by recognition of the fact that the United States has become a unit commercially. This unity, he says,

Shall Business be Licensed?



Senate Judiciary subcommittee hearing on O'Mahoney bill. Left to right, Senators King (Utah); McCarran (Nev.); O'Mahoney (Wyo.); Austin (Vt.)

Louis Bean, Department of Agriculture, testifies as to how licensing bill would affect agricultural interests

PHOTOS FOR NATION'S BUSINESS BY HAMMER

OW much further the Government should venture into the field of industrial control is a lively question at the Capitol. Almost daily, congressional committees hear advocates or opponents of government regulation. The O'Mahoney bill is only one but its provisions are manifold. By requiring every corporation engaged "directly or indirectly in commerce" to obtain a license from the Federal Trade Commission, it would compel collective bargaining; compliance with the National Labor Relations Act; disclosure to the Commission of detailed data as to costs, prices and profits. The corporation would be required to allow all stockholders equal voting rights; to have its chief place of business in the state where it was incorporated; to restrict corporation surplus to a certain but as yet undesignated per cent of its capital stock; to distribute excess surplus to stockholders or, under certain conditions, to set up a "suitable profit-sharing plan for employees."



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early as 1864 when the National Banking Act was passed, giving the country a unified national currency which rapidly became the basis for all business.

"Business needed a unified currency in 1864 and it needs a unified corporate system now," he asserts.

The Senator emphasizes particularly that his measure would reduce the discretionary authority of Government agencies over business to a

"Under President Theodore Roosevelt and President Taft," he says, "business was asking for the creation of a board to which it could come and have an immunity bath. We must not clothe any administrative body with the authority to deal with the life and death of business.

"The majority of business men want to obey the law, but they want to know what the law is. As long as you clothe any administrative commission with discretionary authority you are bound to have uncertainty.

"We must recognize the corporate nature of business by recognizing that a corporation has only the powers granted to it by the Government that creates it. It is possible under this bill to write a fundamental law of the nature of corporations so that it will be unnecessary to clothe any commission with discretionary authority. Licensing distinctly does not mean a dog collar on business."

Senator O'Mahoney believes that only by the enactment of some such legislation as he proposes can a constitutional amendment giving the Government power to regulate bus-

iness be avoided. He opposes such an amendment on the ground that it would break down the present dual system of Government and destroy the States. In this he agrees with the argument frequently set forth by Senator Borah.

"Besides," Senator O'Mahoney says, "while you wait for adoption of such an amendment, business will continue to suffer from uncertainty."

The Senator does not feel that his bill, if it should be enacted into law and upheld by the Courts, would have the same effect in destroying the pow-

was beginning to be recognized as er of the States as the constitutional amendment which he opposes. Neither does he agree with the Supreme Court that such regulation would lead to infinite confusion. The Court said in the case last quoted from:

. Even in the exercise of the power contended for, Congress would be confined to the regulation, not of certain branches of industry, however numerous, but to those instances in each and every branch where the producer contemplated an interstate market. These instances would be almost infinite, as we have seen; but still there would always remain a possibility, and often it would be the case that the producer contemplated a domestic market. In that case the supervisory power must be executed by the State; and the interminable trouble would be presented, that whether the one power or the other should exercise the authority in question would be determined, not by any general or in-telligible rule, but by the secret and changeable intention of the producer in each and every act of production. A sit-uation more paralyzing to the State Governments, and more provocative of conflicts between the general Government and the States, and less likely to have been what the framers of the Constitution intended, it would be difficult to imagine.

Working of monopoly

TWO more conflicting views than those of Senator O'Mahoney and of the Court "would be difficult to imagine." The Senator, however, appears certain that he will find a way to accomplish his purpose within the Constitution. This purpose not only involves the control of working conditions, and of competition, but the curbing of monopoly. The Senator is particularly emphatic on this point. He has said:

The continuous efforts of the Amer-

"He says he's playing taxpayer"

ican people for almost half a century to suppress monopolistic practices have been defeated because a few states have been permitted to create interstate corporations under indefensible charters the primary purpose of which has been the evasion of the national antitrust laws.

If the electorate of the United States gave any mandate to the Government at the last election, it was to put an end to monopoly. Both parties declared against it. Both presidential candidates proclaimed their purpose to protect the people from it. The platforms and the pronouncements will turn out to be empty words unless the federal Government exercises the power it unquestionably has to prescribe the conditions under which corporations may engage in any branch of interstate commerce. Of what avail is it to fulminate against monopoly and monopolists in time of political campaign if we continue to permit a few states to create corporations to carry on interstate commerce with the corporate powers that enable them to victimize the public?

Senator O'Mahoney insists that there are few new ideas in his bill. The licensing provisions, he says, were taken almost bodily from a bill which was introduced by the late Senator John Sharp Williams in 1911, "and which, had it been adopted at that time, would have prevented the abuses which precipitated the 1929 crash."

The provisions of the bill intended to establish a national incorporation law were written originally under the direction of former Attorney General Wickersham and were transmitted to Congress by President Taft

"I think that it may reasonably be assumed that, under such sponsorship, the bill has at least a chance of being called constitutional," he says, and further:

"I cannot make it too emphatic that this is not a fight to regiment business, business men or even corporations. It is the culmination of a struggle which has been going on in the United States since before most of us now living were born, to prevent a comparatively few persons of great ability and skill but little conscience to manipulate the corporation laws of a few states to the disadvantage of the entire nation."

The O'Mahoney bill is no longer just another measure before Congress. It is being given serious consideration by a great many persons in and out of Congress. It is one of the most comprehensive and farreaching measures ever introduced for the regulation of business. It is intended to be just that.

The Cheese in the Retail Mousetrap

By OTHO J. HICKS

Manager, Personnel Group, National Retail Dry Goods Association

"EMPLOYEE Relations." begun in the retail field to do one job, has proved capable of doing several others equally well

MPLOYEES might reflect, as they nibble their cheese, that the job which provides them with the cheese is singularly like a mousetrap-with one important difference. A mousetrap is easy to get into, and hard to get out of. A job is hard to get into, but if there is anything in the world easier to get out of I have yet to

"Much has been thought and written on the art of getting the right mice, or employees, into the right traps, or jobs. Much has also been written, and even legislated, on the subject of how much cheese the mice must be fed if they are to work hard and be contented. But practically nothing has been written on the art of firing the employees out of the traps."

Employing as fuse this pungent comparison, former drama critic Robert Littell exploded his bombshell "Employees' Exit," in Harper's Magazine. To say that this was the shot heard 'round the world of industryits target-might be to exaggerate. But at least there is evidence that it reverberated along that sector of industry which is retailing.

Several hundred store executives. gathered in Chicago at the June convention of the National Retail Dry Goods Association to consider management and personnel problems, felt the impact of Mr. Littell's charge, admitted the truth of much of it, and accepted its challenge. During the



The retailer who forgets that fair dealing with employees pays in cold cash may find himself, not them, in a trap

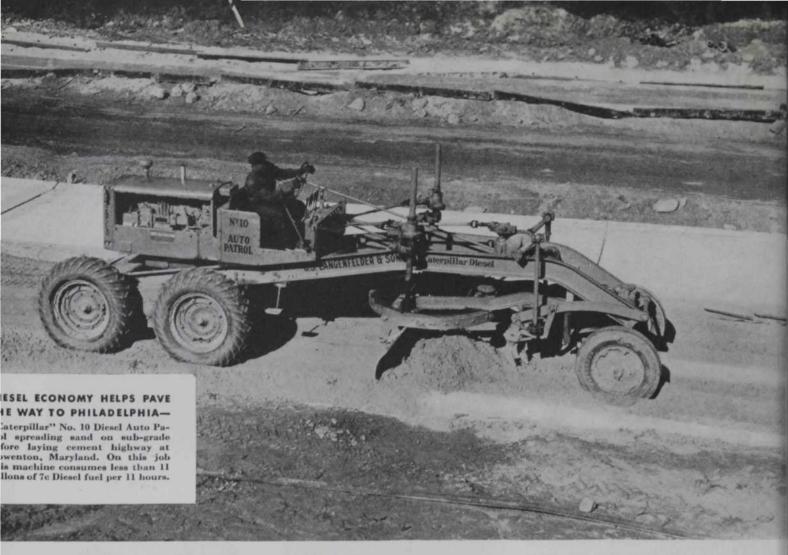
past months the expression "employees' exit," once descriptive of an obscure doorway in the rear of any store building, has taken on new significance. It has come to symbolize for retail employers the entire procedure through which they dismiss employees.

Retailers in general seem willing to grant that their dismissal procedure is vulnerable. They even seem grateful for having been called to account on this score.

Even a side line spectator is bound

to reflect on the accuracy of Mr. Littell's comparison. Are retail employees mice or are they men? Do retail employers think in terms of an employee relations policy or only of "how much cheese the mice must be fed if they are to work hard and be contented?"

Even if cheese it be, it can hardly be denied that the keepers of retail mousetraps have improved the brand in recent years, that the number of mice has increased steadily and that, on the whole, their content-



E FUEL COST TO UNLOAD 3000 BARRELS OF GASOLINEeel oil barges, transporting bulk gasoline, are quickly unloaded by atrifugal pumps with 4-inch discharge—driven by "Caterpillar" Diesel wer Units. These barges are owned by Ernest Eggers, Houston, Texas.

ON THE PAY ROLL AT ONLY \$1.45 A DAY-

That's all this 160-hp. "Caterpillar" Diesel Engine asks for fuel per 8-hour day to power a Berger donkey on a logging operation near Morton, Wash.





CATERPILLAR DIESEL

TERPILLAR TRACTOR ., PEORIA, ILLINOIS

WORLD'S LARGEST MANUFACTURER OF DIESEL ENGINES, TRACK-TYPE

nell Economy.

The Diesel Engine is setting new standards in the world of power today! Reducing costs and increasing efficiency, this record-breaking form of power is sweeping industry after industry, taking over job after job, becoming the yardstick by which other forms of power are being judged. "Caterpillar" Diesel Engine power has gone to work in tractors, in stationary and portable machinery of many kinds-pumps, compressors, crushers, mills, refrigerating plants, electric generators, and other forms of powered equipment too numerous to list . . . working in all climates at high altitudes and under the most difficult operating conditions.

The cost-cutting, record-smashing "Caterpillar" Diesel should be investigated by every user of power. Learn about those Diesels now at work on jobs similar to yours. There are plenty of them. There's a dealer near you-with factory-trained service men and stocks of machines and parts.

DREDGING 105 TONS PER HOUR-ON TWO GALLONS OF FUEL! In this sand dredge at the mouth of the Wailoa River, Hilo, Hawaii, a "Caterpillar" D7700 Diesel Power Unit operates a Kimball-Krogh 4-inch heavy-duty dredge pump with cheap Diesel fuel.





INGINES

RACTORS AND ROAD MACHINERY

	CATERPIL	LAR TRAC	TOR CO.	. Peoria	. Illinoi:	s. U. S. A
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Please send me information on

"Caterpillar"

DIESEL ENGINES

TRACTORS

ROAD MACHINERY

I need power for_

Name_

ment has grown. What is the proof?

The need for improving the lot of the employee in large retail organizations would seem to have been recognized as long ago as 1912. In that year, leading merchants met to consider ways of fostering and protecting collectively the retail trade. The record shows that one merchant in attendance expressed this sentiment:

We should lead legislation which affects our trade, rather than be led or driven by it. We should regulate our hours of business, the number of hours our women and young people shall work, since it is wiser for us to be leaders in these matters, rather than be led by legislators who do not know what we have to contend with and do not understand the situation as we do.

This was said to men who were accustomed to operating their own enterprises much as they, individually, saw fit.

Business men led improvements

IN 1914 a small group of retailers supported the growing sentiment for minimum wage laws. In this same period the activities carried on by

retail employers in the name of employee welfare increased noticeably. Challenged as a fig-leaf of paternalism which hides exploitation wage, welfare activities were defended by merchants as an ethical awakening of retail employers to the fact that good business requires a more personal relationship between themselves and their employees than can be expressed in the dollars and cents of pay roll. Employee medical service, pleasant lunch rooms and sanitary locker rooms were only some of the early fruits of this period.

In general, personnel as word and function did not enter the retail picture until after the World War. Graduate schools played a part in qualifying young men and women as specialists in this new and exacting science of managing people. Boston's Prince

School, New York University's School of Retailing, Pittsburgh University's Research Bureau for Retail Training are only three of the several schools that were increasingly successful in enrolling students of personnel.

Demand for specialists in the management of their employees continued to grow among merchants. Although employee relations as part of the retailer's vocabulary was still ten years unborn, this was a stage of its evolution. Storekeepers themselves admitted the need for something more objective than the paternalistic type of welfare activity. That this need should be satisfied through more expert employing, more efficient job training, is only natural. Stores were expanding in sales volume and in space. Help was needed to man the expansion. Throughout the '20's, personnel was mainly concerned with hiring. Firing was incidental.

As the number of mice increased, the brand of cheese improved. Young women no longer needed to apologize for being sales girls. They were in good company. Junior Leaguers even took up retailing as a career. Young men left college to stand behind counters or to walk aisles as the first step toward a future in retailing. That many succeeded is a matter of record. That others, in the late '20's, found themselves all dressed up with no place to go is also a matter of record. Retailers, however, had been



"We should lead legislation which affects our trade rather than be driven by it"

no more guilty of exaggerating the ed privileges and rights of manageopportunity in their field than had management in other types of in-

Enter employee relations. During the period of retail expansion, closed in 1930, personnel had come largely to mean the formulation and execution of policy and procedure in

employing, placing, training and promoting retail workers. In direct contrast, store management of 1931 faced the necessity of reducing wages, dismissing employees, obtaining greater production from fewer persons, and attempting to maintain the morale of employees.

There was no thoroughly tested personnel policy or procedure for this. The concept of personnel in the typical retail organization was too narrow to guide management wisely through this period of forced adjustment. Since personnel was, to many retailers, simply those hiring functions which are performed in the course of business expansion, it follows that many personnel departments were eliminated in business depression. General management itself shouldered the unpleasant task of taking either wage or job away from the employee. General management gave evidence of being more concerned with the end than with the means.

At least so it seemed to a majority of retail employees. For them the means, or technique, employed to

contract the business were in sharp contrast to those used previously to expand it. Thus a personnel problem was created, the solution of which called for more understanding and cooperation between employer and employee than had previously been necessary. This two-fold problem could best be described as one of employee relations.

Cooperation

TODAY, employee relations in retailing indicate a changing philosophy of management in the degree of its social responsibility to employees. Employee relations further indicate a growing consciousness among employees, both individually and collectively, that they have privileges and rights which can and should complement the already known and demonstrat-

ment. They have sensed management's uncertainty as to the extent of its social responsibility.

If only as a means of self-preservation, employees have reacted to this uncertainty by giving voice to their own hopes and fears. They hope for continual opportunity to better them-

Weie Paid \$25,000 AYEAR-

FOR NOT KNOWING WHAT FANFOLD SYSTEMS COULD DO"



WHAT a penalty to pay for NOT KNOWING... for being satisfied with old obsolete methods of handling office forms ... \$25,000 a year! For that is what one large brokerage house saved in labor costs alone after Underwood Elliott Fisher Fanfold Machines and Fanfold Forms had replaced an old wasteful method of entering orders and keeping office records.

Underwood Elliott Fisher Fanfold Machines solve the problem of writing office forms with speed, economy and accuracy. By a very simple process they combine the related forms of a business into a single continuous form. They not only make it possible to write all of them at a single typing but they make it impossible for someone to forget to type an essential copy of the form.

Unsurpassed speed and accuracy are two of the outstanding characteristics of the Underwood Elliott Fisher Fanfold system . . . economy is a factor that develops as a matter of course. The savings in operator's time, in carbons, in printing costs usually pay for an entire installation after only a few months' operation.

Practically every railroad in the country is using Underwood Elliott Fisher Machines and Fanfold Forms today ...

using them not only for the extra speed and economy that they provide, but for



the absolute accuracy that is essential to railroad operation. Thousands of other businesses are using them too. Mail the coupon for free copy of "Modern Record Writing the Fanfold Way" or telephone or write our nearest Branch asking for complete demonstration. Be sure to do one of these things today.

Accounting Machine Division UNDERWOOD ELLIOTT FISHER COMPANY Accounting Machines...Typewriters...Adding Machines...Carbon Paper, Ribbons and other Supplies One Park Avenue, New York, N. Y.

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ELLIOTT FISHER FANFOLD MACHINES

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Your Name	
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Address	
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selves. They fear any threat to job security. It is this situation which may in time give validity to the analogy of the mousetrap. However, there is evidence that, instead, there will emerge a new concept of personnel administration which will be mutually profitable to the employers and employees.

It is interesting at this point to consider the matter of rights as advanced today for both the employer and the employee. Some of the privileges and rights of retail management, recognized over a period of years, are:

1. To hire, place, rate, promote, demote, transfer, discipline and dismiss employees.

2. To set standards for the perform-

ance of work.

3. To obtain efficiency, economy, honesty and faithfulness in service from employees.

and rights of a retail employee, articulated in increasing degree in recent months, are:

1. To be paid a wage that is fair in view of all essential factors involved.

2. To receive adequate training for the duties of his position and an opportunity to study for promotion.

3. To be given consideration over an outsider for promotion, with due appraisal of his ability and capacity.

4. To receive reasonable notice and hearing before dismissal.

Management and employee rights when dovetailed become a fixed but flexible employee relations policy.

That such a policy might be crystallized for each member of the organization, management and employees in several stores have cooperated recently in establishing employee associations. Typical of all employee associations, one estab-

In return, some of the privileges lished in a store employing approximately 3,000 persons states that its purpose is

> to voice the opinions and desires of the employees to the management, through a representative group. This group will be a definite medium to take up with the management, for discussion and recommendation, questions in reference to rate of pay, hours, conditions of work, or any other subject, either personal or of a group, of interest to the employees and to the management.

> An employee council made up of six or more employees, elected by the entire non-executive staff, serves as the liaison between employees and management. The employee council meets regularly to weigh matters outlined in the association's purpose. As early as April, 1934, the association obtained from management a blanket increase of ten per cent in

(Continued on page 114)

Small Elephants Must Be Crated

RAILWAY Express Agency has re-employed 20,000 men, needed because of business gains. In a year these men will probably handle everything. Elephants are so common, the Company has a special rule providing, among other things, that those under 1,000 pounds must be crated. Race horses, polo ponies, tropical fish, precious stones, racing shells, an occasional giraffe, all travel by express as do 5,000,000 pounds of live carp sent to eastern cities annually. Most exacting jobs include year round movement of strawberry crops (most difficult berry to handle because of need of speed) and handling neon tubes, X-Ray tubes.

Express employees must be constantly ready also to meet special requirements such as moving Coleen Moore's doll house; handling Frank Buck's menage-rie; distributing \$1,000,000 Van Gogh art collection to museums under police guard; speeding four pound box of live insects across country by air for ship-ment via the Hindenburg—bugs en route to Kenya Colony to destroy parasites.

All in day's work may be releasing racing pigeons expressed by fanciers to central point or facing fact that an 18 foot python is loose in an express car. This happened last year, was solved by cooling the car until the snake became inactive





Giraffes ride comfortably in ordinary cars but must be brought on board through an end door

The messenger feeds the monkeys, gives the fish (in the pails) fresh water and guards the whole car with a revolver



Is He Consistent?

Hundreds of Dollars for Store Decoration Not One Cent for an Impressive Letterhead

THIS MERCHANT knows what store atmosphere can do for his profits. This year he is wisely investing money in beautiful new lighting fixtures, show-cases, screens and carpets—all for the sake of impressiveness.

But he hasn't noticed his letterhead! It is cheaplooking. No matter how carefully he writes his letters, the poor paper and cheap envelopes wreck his *store atmosphere* in the minds of his customers. Is he consistent? No.

Are you in business? Impressive paper, such as Strathmore makes for letterheads, is part of your business picture. It supplies atmosphere. Atmosphere is what your correspondents feel. What they feel, they believe. Fortunately, the

cost of fine paper, per letter, is negligible. You can have the most widely used rag-content bond letter paper in America—Strathmore Highway Bond—for less than 1% more, per letter, than the cheapest paper you might buy. Even if you "trade up" to the supreme limit, by using Strathmore Parchment—as fine a bond paper as can be made—the additional cost, per letter, is but 2.9%.

Get the facts. We will gladly send you the newest Strathmore Letter-Cost Analysis. With this analysis we will include liberal free samples of Strathmore

> papers and envelopes-to-match...Write to Strathmore Paper Company, W. Springfield, Mass. (Strathmore Envelopes are made by Old Colony Envelope Co., Westfield, Mass.)

STRATHMORE

Maker of Fine Papers

Questions that Bother Business

[As Revealed by NACOS Officials]

WILL THE provisions of the Walsh-Healey Act be extended to impose more binding hour and wage regulations upon manufacturers?

Are some of those who originally favored the Robinson-Patman Act now fearful of a backfire?

Are the make-work railroad bills a device of Labor to put on the pressure for Government ownership?

Is the proposed national budget balance a real balance? Why is capital hesitant to enter the housing field?

What is the progress in building homes to sell under \$5,000?

with the Indiana State Planning Board. The experimental houses erected are admittedly sub-standard, but they are vastly superior to adjacent dwellings and are within the price range of those for whom they were intended.

Questions that were raised and answered in the conference in connection with housing included: Are banks friendly toward HOLC and

WHAT are chambers of commerce thinking most about these days? What aspects of the current situation are most prominently reflected in their day to day activities?

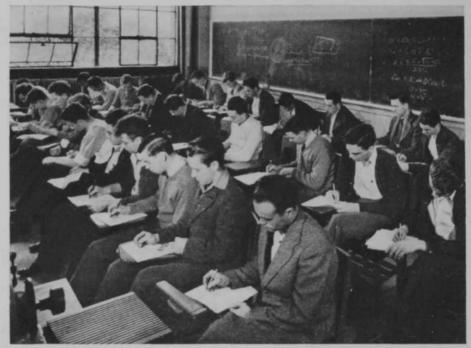
A fair composite of the chamber of commerce scene can usually be obtained from the board of directors of NACOS—which, to the uninitiated, is the National Association of Commercial Organization Secretaries.

In January, the NACOS directors and senior council, numbering 15 chamber of commerce executives from all parts of the country, met as an advisory committee with the staff of the National Chamber in Washington. Here are the things that seemed to be uppermost in their thinking:

Housing: Both the economic and social phases of this question still press for solution. In the large cities, slum clearance is a grave social problem with serious economic involvements. Government-sponsored apartments are as yet failing to take the tenement dweller out of his unsanitary cell. How to get low-cost, large-scale, apartment operations that will really substitute homes for tenements seems to be the question.

On the economic side, the rehabilitation of blighted areas, the matter of taxable values, the effect of population shifts on realty values are disturbing elements in the housing matter. Other factors are:

Obsolete building codes, which increase costs; the need for running inventories of housing supply and demand; the difficulty of properly enforcing zoning regulations; and the lack of coordination frequently found in the local building industries.



Shortage of skilled labor is troubling industry. General Motors goes to the root of the problem by training its own men. More than 11,000 men and women sought industrial education in G. M. Institute last year

In both large and small cities, the problem is to develop plans and a building system that will provide satisfactory homes at less than \$5,000. Encouraging steps have been made in a number of places.

Dwellings for low incomes

PERHAPS the most troublesome aspect of the housing problem, both from the social and economic points of view, is to provide dwellings for the lowest income class. Experiments have been made in this field in Indianapolis under the auspices of the Department of Housing Research of Purdue University, in cooperation

In both large and small cities, the boltom is to develop plans and a government organizations helped tilding system that will provide them over a tough period.

What is the attitude of capital toward housing ventures? It displays considerable hesitation because it fears further building operations in the housing field.

What progress is shown in building homes to sell under \$5,000? Not much as yet, although lumbermen's associations are pushing this idea.

Is the pre-fabricated house going to help? No one can say, but it does not appear to be an immediate factor.

dianapolis under the auspices of the As to actual housing shortages, a Department of Housing Research of few secretaries said there were none Purdue University, in cooperation in their communities but the ma-



jority testified that such shortages existed.

Labor: The interest of the conference centered on providing employment. It was agreed there was no magic formula for putting people back to work, and that the best business organizations can do is to encourage the recovery of industry, particularly in the durable goods classification.

One direct stimulus is for the chambers of commerce to persuade the employers to make certain that no opportunity is being overlooked to reemploy labor in their own plants.

Many communities reported shortages of skilled labor—bearing out the previous findings of the National Chamber's Committee on Employment.

It was brought out that chambers of commerce can aid in the long-time employment program by encouraging the expansion of training facilities for young people and for workers who desire to increase their skill.

Attention was given to the problems of trade schools, like those already operating in several cities, for example in Springfield, Mass., Hartford, Conn., and Detroit, Mich. In some cases these schools are maintained as a regular part of school facilities; in other places they are maintained by local industries. Reports show that industries are re-establishing and enlarging their systems of apprenticeship training.

Considerable interest was shown in the union labor situation. Most representatives said they took local union organizations into their membership, indicating friendly relations between business men and labor organizations. However, the strike situation is causing concern.

Training skilled workers

QUESTIONS that arose in this connection were:

Does union labor resist the training of apprentices? Experience seems to indicate that it does.

Is the indenture system for training employees out of date? Rochester business men say it is.

Public Finance: Despite a pronounced trend toward national business recovery, indications are that taxes continue to take about 20 per cent of the national income. After other depressions, as the national income increased, the relative tax burden was lightened. This time taxes have increased with income.

There was general agreement that chambers of commerce ought to contribute their share toward an adjusted and balanced national economy by taking the lead in discouraging demands for the expenditure of federal funds to serve local needs.

The Walsh-Healey Act: None of the contracts awarded under the terms of the Act at the date of the NACOS meeting had included any stipulation with respect to minimum wages. How the Act will affect industrial operations will be more apparent after minimum wage determinations have been made for particular industries and the prescribed stipulations are included in invitations for bids.

Secretaries wanted to know if the

\$10,000 exemption would be lowered to \$2,000. How far business would go in refusing to bid and if such refusal would bring a gradual easing of the restrictions. Would manufacturers actually set up separate divisions of their plants to meet government stipulations. Apparently business men have awakened to the potentialities of government regulation in this Act and the secretaries of the local chambers, as their representatives, find questions about it are falling into their laps every day.

The O'Mahoney Bill: In discussing this bill and others such as the Ellenbogen Textile bill and the Guffey Coal bill, all providing government control of various industries, secretaries reported differences of opinion among their members as to whether or not the Government should attempt to regulate wages on a national scale. Although a large majority favors state control, those holding out for federal legislation to regulate wages contend that, though they dislike the idea of government established minimum wages, this would be more satisfactory under a national law than if each state established its own minimum with the possible result that two neighbor states might have a widely different base rate.

Robinson-Patman Act: There is evidence of a disposition to give the law a fair trial with the thought that suggestions of amendments or modifications may thus be based upon practical experience with its operations and effects.

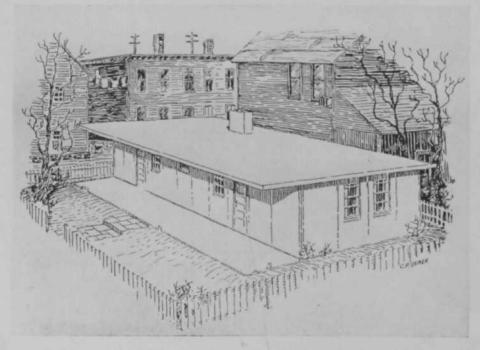
Ambiguity is disturbing

THE threat of treble damage suits as pointed out by the Chamber's Committee is a most disturbing element. A business man may have expert legal opinion that he is not violating the Act and yet, due to the Act's ambiguities and uncertain interpretations, a court may later find him guilty and liable for treble damages on every similar transaction made since the Robinson-Patman Act became law.

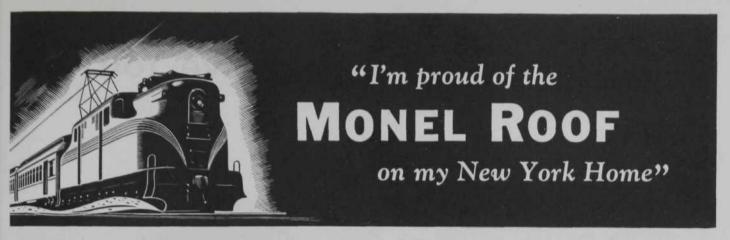
Many large manufacturers are now favoring portions of the Act because it has helped to eliminate some bad trade customs. On the other hand, many middlemen, who once favored the Act, now fear that it will hurt wholesaling.

Secretaries who complained of their inability to keep informed on provisions of the Act were advised to watch reports of the hearings now going on before Federal Trade Commission examiners. When the F.T.C. and the courts have interpreted and defined various phrases of the Act, some measure of reliable information may be expected from authoritative

(Continued on page 89)



Studying problem of low cost housing Purdue University Department of Housing Research built this double house in an Indianapolis slum area. Each section has three rooms, shower, sink, toilet. Principal material is phenol-resin glued plywood, called water-proof, vermin proof, fire retardant. Can be torn down in a day, Rebuilt in another. Cost \$1,400



An interview with the Pennsylvania's Crack Flyer No. 28 -THE BROADWAY LIMITED



- 1. "I've been using our family's 'town house' in New York—the Pennsylvania Station—ever since it was opened twenty-six years ago. That was back in 1910 and I was then eight years old. But young as I was, I thrilled to know that our roof was Monel.*
- 2. "The use of Monel showed that our new home was built for the ages, and we

felt pretty modern and progressive. But I didn't realize that the skylights were not as up to date as the section sheathed by those 300,000 pounds of Nickel Alloy.

3. "Anyone, looking at the kitchens in my dining cars, could see that Monel never rusts; and how it resists corrosion and abuse. Monel is stronger than the steel in the bridges on our lines. And that's lucky, for no matter how hard the cooks whang around pots and pans, they can't destroy the silvery beauty of that Monel equipment.

4. "So imagine my dismay when I heard a rumor that there was trouble with our New York roof. Failure! Leaks! Right at the time my schedule had been cut to 17 hours and I was the toast of the town.



5. "It was humiliating. But when the engineers examined the roof they couldn't find one square inch of the Monel part that had failed. They figured that even in New York's fume-laden atmosphere, the Monel would last about 300 years.

6. "So out came all the parts of the roof that were giving trouble...the parts

NOT Monel... and in their place went new construction one hundred per cent Monel Metal. And I guess that gives Old Man Weather a 'red board'... the stop signal... that will set him down for several centuries at least.

7. "And now, when I come stepping home after my 16½ hour run from

Chicago, behind the streamlined electric locomotive that has whisked me up from Paoli, I can again hold up my head in pride. For now the whole roof over my head is as modern as I am."

THE INTERNATIONAL NICKEL CO., INC. 67 Wall Street New York, N.Y.







= MONEL

* Monel is a registered trade-mark applied to an alloy containing approximately two-thirds Nickel and onethird copper. This alloy is mined, smelted, refinedrolled, and marketed solely by International Nickel.

To Trade: Autos—What Have You?

By CLYDE W. JOHNSON



Mr. Pine completes a swap in which pigs and a used car represent the full payment on a new model

TO ACHIEVE a sales volume of more than a half-million dollars, including the distribution of 1,000 new and 1,500 used cars and trucks in 1936, John M. Pine of the Pine Motor Company (Ford dealers) in Jacksonville and Winchester, Ill., has combined the shrewdness of a natural trader with long experience as a farmer.

Contrast this volume with the fact that Winchester is a town of only 1,500 and Jacksonville an educational center of 18,000. Both are about 90 miles north of St. Louis in the heart of the farming region between Springfield and Quincy.

In becoming "a trading fool" as his competitors call him, Mr. Pine has only taken a page from history. Two centuries ago the French traded beads and gunpowder for the Indians' furs and skins in the prairie-land east of the Illinois River where Mr. Pine today is exchanging automobiles and trucks for corn and hogs.

Last fall's campaign was a typical one. He started it with a window sign:

"I can use 500 bushels of corn DAILY on new and used cars."

Then he visualized his trading in terms of cash instead of corn and put this sign in his next window:

"I PAY \$1 a bushel for corn as CREDIT on new and used cars."

He followed this up with newspaper advertising which told the farmers that the Pine Motor Company would also take live stock and other farm products as down payments or balances for cars and trucks.

If this examination proves satisfactory, Mr. Pine will have a team of horses and a farmer a new car

Thirty per cent of Mr. Pine's business is transacted by barter. Farmers get anywhere from five to ten per cent more than the market price and Mr. Pine's men pick up their commodities right in their own fields and barns.

At one time or another Mr. Pine has taken practically everything in trade—grain, live stock, soy beans, lime-stone, bricks, fence posts, lumber, and coal. Even molasses for cattle feed and hamburgers have been traded!

The hamburger transaction probably sets some sort of a record. DeSilva, the "Hamburger King" whose establishment is opposite the Jacksonville agency, offered 2,000 sandwiches as a down payment on a car. The deal was made and the Pine Motor Company employees were promptly given a bonus—as many hamburgers as they could eat. Customers were invited to step across the street and have a hamburger and even the boss himself did not eat regularly at home until, in three months, that



"LET'S LOOK AT THE RECORD" . . . 1905-1937

THIS first L C Smith Typewriter ... Model 1, Serial 1... was shipped on February 2, 1905 from the factory of L C Smith & Bros. Typewriter Company at Syracuse to the New York Branch Office.

It was sold to the New York Herald for use in the reporters' room, and there for eight years was operated 24 hours a day by reporters working in three different shifts . . . taking more punishment, it is fair to say, than the ordinary typewriter would receive in 24 years.

In 1923 it was traded in by the newspaper for a new machine. No

record of its subsequent wanderings is available, until in 1933 it turned up in our Minneapolis Branch Office . . . still going strong. It was sent to the Home Office and is now used for display purposes.

At the Business Show in New York in 1934, Norman Saksvig wrote a speed sentence on this machine at the rate of 180 words a minute.

An impressive record for "Model 1, Serial 1" of any product—32 years. How much more striking for so complex a mechanism as a typewriter. We feel richly justified in "pointing with pride" and "standing on the record."



Improved, modernized, more complete, the L C Smith Typewriters of to-day are nevertheless built (and by many of the same craftsmen) in the same high tradition . . . to last longer and serve better. In that tradition lies the whole secret of the unparalleled "user loyalty" of L C Smith owners.

LCSMITH & CORONA TYPEWRITERS INC Syracuse . . . New York down payment had been consumed. The hamburger incident revealed how deeply ingrained is Mr. Pine's love for trading. But he's not giving anything away on his other deals. Far from it. He takes those farm products and converts them into profits on his 2,000 acre establishment along the Illinois River at Bluffs.

"That farm is just as much part of my auto business as my show rooms and shops," he says. "I took thousands of bushels of corn as credit for cars last fall, I raised 900 acres myself, but even then I had to buy more to feed my 1,000 head of cattle and 1,500 hogs. I also produced 15,000 bushels of wheat and devoted 300 acres to alfalfa."

Mr. Pine is a stock raiser, not a breeder. He prefers shoats, 100 pounds or more, in his hog transactions, and yearlings get the call in his beef trades. The cattle are fattened from 100 to 300 days before they are sold. Not all his stock is obtained through his car exchanges. He makes bi-monthly buying trips to Kansas City and, last

summer, in Texas as a Centennial guest of his automobile manufacturer, he bought a carload of feeders as a souvenir.

Barter streams into his farm at an amazing rate. The corn goes into trench silos which are scattered about the seven distinct tenant divisions of the farm. He takes a great deal of oats for feed and, when the price is right, will even consider wheat for that purpose. Horses and mules arrive through trades and are either put to work or sold.

Mr. Pine sees nothing startling in this manner of doing business.

"It's happening every day in the country stores," he says. "The farmers take eggs and butter to market and carry away aprons, razor blades and pots and pans in exchange. Why not automobiles?

"We have simply established a large, up-to-date trading post. Of course, other auto dealers have tried it and some in this territory still follow the practice but not on a large scale. To make a success of trading, a man must know what he is getting, what he is going to do with it and how much he can expect to realize from his transaction.

"I know instinctively when to make a deal and when not to. I know the value and condition of livestock and can grade all farm commodities accurately. If I couldn't, I would have been cleaned out long ago. The farmers know I have a reputation for square dealing and when

we meet, it is with mutual respect. We give each other the works and when it's all down on the dotted line, we both feel that we have come out ahead.

"There is only one philosophy for successful bartering: Treat 'em fair to the best of your ability and you'll get the same in return—that is, if you keep your eyes open."

Selling without salesmen

ANOTHER unusual thing about the Pine Motor Company is that Mr. Pine employs no salesmen, although he has 20 men on his payroll to run the two agencies and another 40 on the farms. Six trucks are running constantly, picking up commodities which he has accepted on trade, transporting farm help and delivering oil for still another branch of the Pine business.

"My territory is a hundred miles square," he said. "In spite of my newspaper advertising I undoubtedly

lose some city business because of the close contact salesmen for other dealers make with their customers in social and other ways, but I have never felt that my 'no salesmen' plan has cost me any volume from the farmers. They call me up and I go to see what they have to offer.

"The year 1936 must definitely be classed as 'good times' for the farmers of this region even though the drought did a great deal of damage.

"Consider the \$300,000 volume I transacted with farmers alone the past year. You wouldn't catch them letting that much cash get out of their pockets if they didn't feel sure of their financial position.

"Most farmers, of course, like the latest thing out; they can appreciate the newest streamline effects just like other men; and specifications and their improvements mean a great deal more to them than to many city buyers.

"But—and this is important—they don't give two whoops for the dictates of fashion or the latest mechanical wrinkle if they haven't got the cash or know where it is coming from and when."

Mr. Pine, the farmerauto dealer, is tremendously proud of his rural patronage. Which perhaps explains why he fairly beams when telling of the banquet at which he was awarded the highest bonus check for leading, during the first six months of 1936, the entire St. Louis zone city fellows and all.

BELLRINGERS



HENRY E. CLARK

One Skid in 1,000,000 Miles

ABOUT to climb into his truck is "Pappy" Grimes, Kroger Grocery and Baking Company's champion driver. His record, called "best in America," by Burton W. Marsh, AAA safety director, shows a million miles of driving in 12 years, one slight accident—slipping on the ice, he scratched a parked car. When the Indianapolis truck fleet, for which he drives, won the prize for the safety record in the state for the second consecutive year, President Albert H. Morrill, of the company, shook "Pappy's" hand, congratulated him. These are the Grimes rules for safe driving:

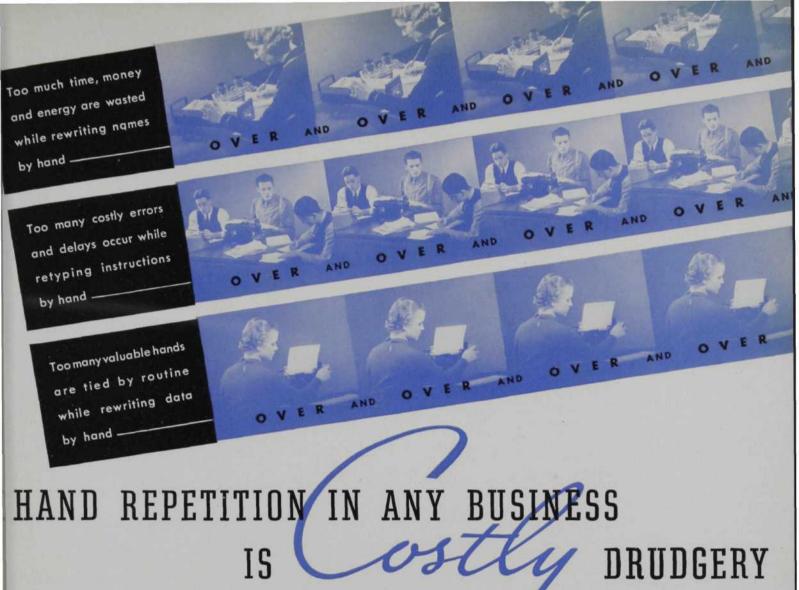
1. Obey all traffic regulations.

2. Stop day-dreaming.

3. Be consistent. Don't kill time then try to make it up.

4. Forget the old saying, "I'm not worried about my own driving, but the other fellow's." Be ready to do something if the other fellow makes mistakes.

Promote more contests which inspire commercial drivers to do their best to avoid accidents.



GONE from offices large and small are cluttered roll top desks, letter copy presses and rows of cardboard letter files. But a lingering reminder of almost forgotten ways of doing things is still found in many otherwise modern offices. Names, addresses, facts, figures and other frequently-used data are repeatedly rewritten by hand!

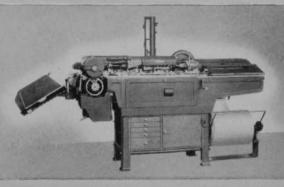
In the fully modern office Addressographing is the quick, accurate and economical method for handling repeatedly rewritten names and data. By this money-saving method a form or communication is completely and correctly headed up, filled in or addressed with one motion.

Speedily and neatly, Addressograph writes names, information or figures on varied manufacturing forms; on stock and cost records; on pay rolls and other time and pay forms; on shipping forms, tags and labels; on advertising and selling literature for mailing; on ledger sheets, statements and collection forms; on stockholder records and dividend checks; on tax, insurance, electric, gas and other bills; on

Social Security records, reports and receipts; on publication and catalog wrappers . . . on forms and communications of every kind.

Write on business stationery for a free copy of "Business Short Cuts"...a 152-page book of Addressograph methods and machines. There is no obligation.





The Addressograph line includes new electric models from \$142.50 up (shown at left), and new superspeed, fully automatic models (one style shown above), from \$725.00 up...all f. o. b. Cleveland.

ADDRESSOGRAPH-MULTIGRAPH CORPORATION, CLEVELAND, OHIO ADDRESSOGRAPH-MULTIGRAPH of CANADA, Limited, TORONTO Sales Agencies in Principal Cities Throughout the World

Test the VAII

Make sure the next car you buy has these important features:

UNISTEEL BODY

—fused solidly together top, bottom and sides, without a bolt or nut or rivet—providing in Body by Fisher strength and safety with new style and comfort which glorify steel construction.

KNEE-ACTION

-the true gliding ride-makes every mile you travel more comfortable and assures better control of steering in emergency.

HYDRAULIC BRAKES

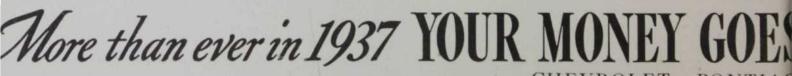
—improved in design to match the flashing performance of the new cars with the safety of smooth and powerfully sure straight-line stops.

TURRET TOP

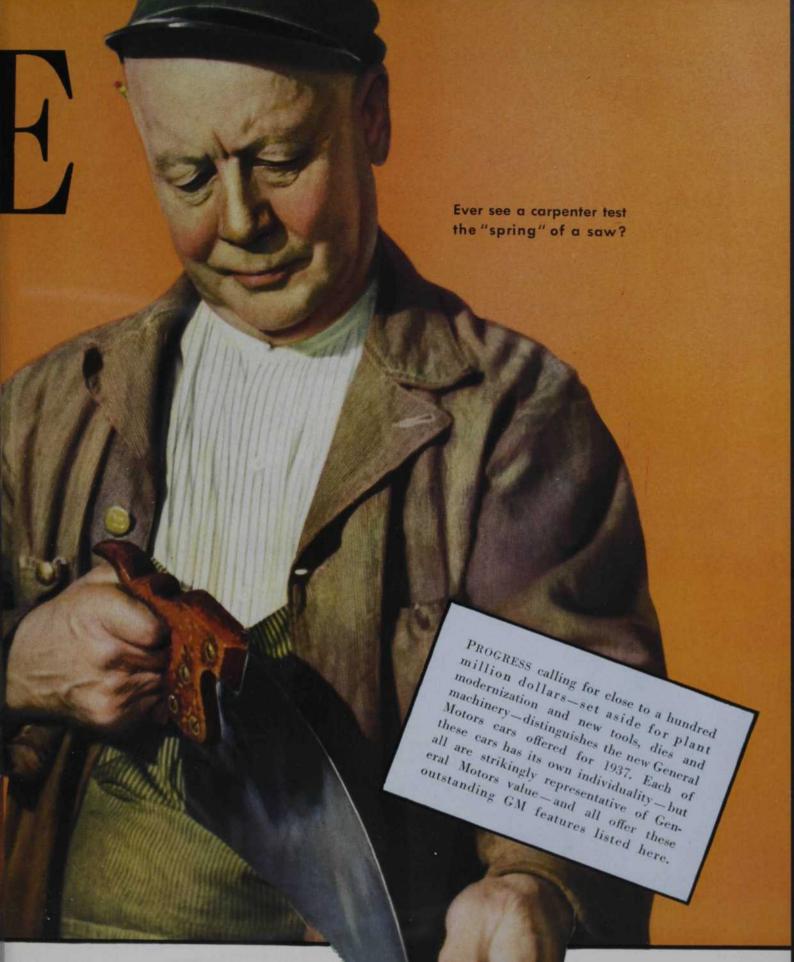
-puts the safety of solid steel over your head in every closed car of the General Motors family.

NO DRAFT VENTILATION

-keeps the air you breathe healthfully free from drafts and makes driving safer by keeping the inside of windshield and windows fog-free.



CHEVROLET • PONTIAC



ARTHER IN A GENERAL MOTORS CAR

LDSMOBILE • BUICK • LA SALLE

· CADILLAC



Nations, like men, learn from experience. Wars, weather, disasters, have often curtailed supplies of the most important energy food ... sugar. Today virtually every strong nation of the world has developed internal sugar production as a safeguard against interruption of remote supplies. In the United States an efficient beet sugar industry normally fills the sugar requirements of 30,000,000 Americans.

When Trafalgar "closed the seas to the valor and commerce of France" Napoleon founded a domestic beet sugar industry. Soon Germany became the largest beet sugar producer of Europe, exporting to England and other countries. During the War German shipments to England were stopped. U-boats jeopardized supplies from the tropics. After the War England founded a large beet industry. Today sugar beets grow in Japan, in Manchukuo, on the whole face of Europe from Scandinavia to the Bosphorus, with Soviet Russia the largest producer of all.

So commonplace is sugar, so available at your corner grocer, it is difficult to realize that at any given moment, the world's sugar supply is within a few weeks of exhaustion. Yet this is true.

An industry engaged in developing American natural resources, improving American agriculture, and supplying American markets with an all-American food product

How the sugar beet benefits America, how it produces meat in addition to sugar, how it contributes to employment and helps scores of other industries, is described in "The Silver Wedge," a booklet sent on request.



What a farming system including sugar beets has meant for thousands of American farmers is typified by the record of George Alles, Greeley, Colo. He started as a beet-field laborer. He saved enough to buy a small farming outfit and rented a farm. Thrifty work as a tenant farmer enabled him to make his first payment on a farm of his own. Later he bought three more farms. He has grown sugar beets every year for 28 years. Yet because of the well-balanced farming demanded by beet culture, never more than a fourth of his land is planted to beets. The rest is in hay, grain and potatoes. He fattens some steers each year on the basic beet by-product ration and keeps a dairy herd—so has a supply of fertilizer to maintain his land's productivity.

UNITED STATES BEET SUGAR ASSOCIATION

839 GOLDEN CYCLE BUILDING

COLORADO SPRINGS, COLORADO

Business Highlights and Sidelights . . .

The Economics of Service

WHETHER it is the first cost or the upkeep that keeps the country hustling,

service establishments throughout the nation in 1935 rolled up total receipts of \$2,029,302,000. By report of the Census Bureau, 574,708 establishments are selling "services" as distinguished from the business of retailing goods. These establishments required 580,840 active proprietors and firm members, and 634,232 full-time and part-time employees to "serve" their customers. The 634,232 employees were paid \$567,517,000, of which \$497,118,000 was paid to full-time employees and \$70,399,000 to part-timers.

Funeral directors, embalmers and crematories, included in the "personal services" group, had the largest receipts of all kinds of service establishments, \$230,014,000.

Other classifications in the personal service group with large receipts are barber shops with annual receipts of \$209,337,000, and beauty parlors, with \$171,943,000.

In the "business service group," adjustment and credit bureaus and collection agencies had the largest receipts, \$43.663.000.

Included in the "repair services and custom industries" group are figures for specialized automobile services. Storage garage receipts reached \$68,040,000. Parking lots got \$18,751,000. Top and body repair shops did a \$32,611,000 business.

Establishments shown are automobile laundries, paint shops, radiator shops, rental services, battery and ignition repair shops, tire repair shops and other automotive repair and service establishments, except repair garages, which are included in the retail census.

Sentiments at a Price

SPRING styles in Easter cards are as new as the styles in clothes. So say the

Greeting Card Publishers in announcing new colors, new papers, new motifs. Pale lavender with an occasional touch of pastel green, once the conventional Easter-time hues, now compete with vivid blues, warm yellows, and sophisticated browns. Metallic touches provide their own distinctive accent of novelty. Designs also reflect the trend of modern decoration—diagonal background stripings of bright colors or metals, and contrasting treatment of panels and plane surfaces.

Sentiments range from the sublime in the religious texts to the animal school of humor. There's a rabbit with a greeting—"All Fur You." A duck who says, "It's Easter time, so waddle—I do

but bring my Easter wish to You." A plump bunny who is just "hopping" to bring his Easter greeting. There are of course any number of cards which make amusing use of such words as "eggsactly," "eggs-cellent," and "eggs-ceptional."

As for the heart-throb lines, they stick pretty much to the old standbys. Witness this one:

To me it makes no difference What we have for Easter weather My heart will be rejoicing Just because we are together.

Speaking of Yardsticks . . .

EFFECT of municipal operation of utilities as a "yardstick" for private enterestion put before the

prise is a live question put before the New York legislature by Governor Lehman.

In his message he said:

I believe the commission should have full authority to limit the rates charged by municipalities to the actual cost of rendering service. Such cost, of course, would include all proper elements of charge so that the taxpayers will not be called upon to make good any deficiencies in capital or in operating expenses.

Moreover, it is fair to include an amount estimated to be equal to the taxes which would have been paid to the municipality by a private plant. The commission should be given the power to act promptly to reduce rates wherever municipalities attempt to burden consumers with rates exceeding the cost of service.

The reasons are readily apparent and convincing. The authority to conduct municipal power plants was certainly not granted in order to overcharge one class in a community for the direct benefit of another class.

Municipal plants are established to render utility services at the lowest possible price. Charging consumers more than cost nullifies the primary purpose of municipal plants.

Variations of Chain Taxes

TWENTY states now have chain store taxes in effect. Seventeen states use the

number of stores as a basis of taxation; Tennessee uses the average invested capital; Minnesota and Florida the number of stores and total sales.

The first graduated gross sales tax was passed by Kentucky in 1930. The law was invalidated by the United States Supreme Court. It held that the classification of stores to gross volume of their sales for graduated rates of taxation was arbitrary and unequal. Subsequently the Court has overturned the gross sales provisions of all laws brought before it, the latest being the provision of the Iowa law which was invalidated last November. In 1931, the

Supreme Court sustained the graduated license tax of the Indiana law based on the number of stores. As a consequence, most of the states have followed the Indiana plan of taxation.

Rates reveal little uniformity, the American Retail Federation points out. In a few states they are only nominal. Generally, however, the rates are sharply increased on additional stores. In five states, the operators of a single store are exempt from tax, but in the other states a tax ranging from \$1 to \$10 is imposed upon the first store of a chain system and on single units independently operated. The rate on the fifth store is usually \$5 to \$10, but it is \$50 or more in three states.

The rates on the tenth store range from \$5 to \$200, and on the twenty-fifth store from \$50 to \$500. In nearly half of the states, the rates increase somewhat for stores in excess of 25. North Carolina graduates its license tax up to \$225 on stores in excess of 201. The highest tax rates among the laws in operation are found in Idaho, where systems with more than 20 stores are taxed at the rate of \$500 on each store.

Tax exemptions also vary from state to state. Approximately two-thirds of the states exempt gasoline filling stations, and some states exempt cooperative associations and similar organizations. Four states allow no exemptions to stores of any kind.

Hurdles for Cooperatives

WILL the future of the cooperative movement hinge on ability to bring costs

below the level attained by the more efficient private distributive enterprises? Questions in that direction are contributed by James L. Palmer, professor of marketing in the University of Chicago's school of business. To the National Association of Marketing Teachers he said:

While our present distributive structure is weak at numerous points, the practical possibilities of its being strengthened through consumer cooperation will be distinctly limited for some time to come. I look for some continued growth among cooperatives in certain sections and in certain trades. Some of this growth will be parasitic in the sense that either government or private enterprise—probably both—will partially subsidize it.

To the extent that private enterprise, through the activities of groups often in the minority, persists in practices which raise costs, restrain trade and deceive the buying public, the movement will, of course, be stimulated. Whether it will thus receive enough stimulus to be able to overcome in a few years the many difficulties it must meet if it is to become a major factor in distribution remains to be seen.

The opportunity for cooperatives lies more in leveling the price structure and in eliminating anti-social practices than in any real reduction in marketing costs. I seriously doubt whether cooperatives, whether engaged in retailing, wholesaling or manufacturing, can operate at a real cost any lower than those of our more efficient privately owned distributive enterprises. . . .

These questions the movement will have to answer, he believes:

How is it going to educate the buying

public away from individualism and into the cooperative idea? Where is it going to find homogeneous population groups such as seem to be indispensable to success?

How is it going to compete with private enterprise, particularly if we should move again in the direction of free competition? How can it rid itself of the impractical, crackpot minds that have attached themselves to it from time to time? Where will it find honest, competent leadership and management personnel? How can it keep itself free from racketeering?

What will it do about competition within its own ranks? What is likely to be public policy with respect to the cooperative movement?

Planks for a Power Platform

WHAT Dr. Arthur E. Morgan wrote in mid-January in expressing his "per-

sonal views on the electric power issue" constitutes a document at once declaratory and definitive. Between the Tennessee Valley Authority and the private companies is the controversy of cooperation. That the dissension within the Authority over policy has developed to an open rift is common knowledge, Why Dr. Morgan favors collaboration with the territorial companies toward a peaceful solution of the problems recognized by both sides is made apparent in terms which no one could construe as

bias for the properties faced with government competition. He says:

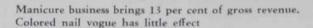
I do not advocate cooperation through any naïve belief that the private companies have a consistent record of good behavior . . . but . . . I believe that at present the proper attitude to take with reference to T.V.A. power is to strive to find a basis of agreement between the T.V.A. and the private utilities which will protect both public and private investments and will lead to the widest possible distribution of electric power at the lowest possible rates.

For his platform he specifies these planks;

I favor enough public ownership to

Beauty and the Beast







Hair dryer is only small part of elaborate equipment needed

BEAUTY parlor operators are worried by a monster—the toorapid growth of their business. Parlors increased from 42,000 in 1933 to more than 61,000 in 1935, exclusive of those operated as parts of other establishments.

There are as many beauty parlors as all department stores, men's stores, shoe stores and furniture stores put together. In Washington, D. C., alone, beauty parlors have increased from five to approximately 300 in 30 years. A leading cosmotologist says only ten per cent of all parlors make good profit; 40 per cent make a living. The rest lose money.

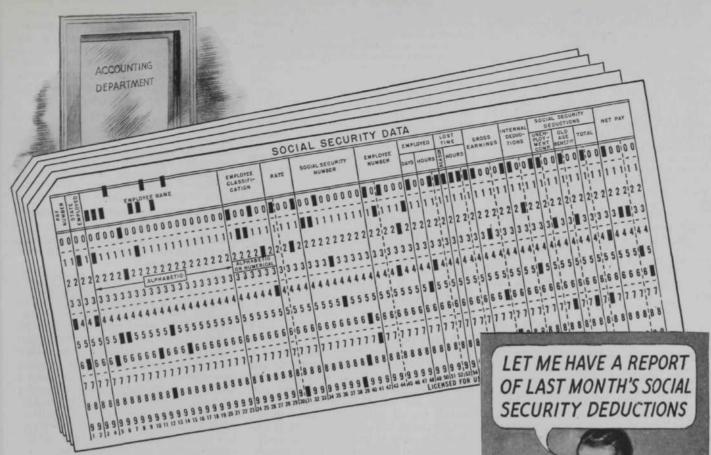
Total receipts of all parlors, \$170,753,000. Average receipts per shop in 1936 were \$2,791. Total pay roll, \$57,736,000.

Costly equipment fails to check the fundamental American urge to become an owner. Aluminum hair dryer shown here—costs from \$90 to \$100; a permanent wave machine from \$450 to \$500. Up-to-date shops must have several of each.

Average employee makes less than \$1,000 a year, exclusive of tips. Experts capable of making transformations and fitting men's toupees are scarce—command high wages.



Operators learn trade in schools or as apprentices. Of 180,000 now practicing, seven per cent are men



Punched cards provide SOCIAL SECURITY FACTS

... when you need them!

ONE OF THE conspicuous advantages of the punched card accounting method is the speed with which it will provide a volume of information.

The detailed facts which are punched into the cards become a permanent and constantly available record. When placed in an International Electric Bookkeeping and Accounting Machine, this record will automatically provide tabulated, printed reports.

SOCIAL SECURITY Deductions Made AUTOMATICALLY

By the punched card method, all necessary payroll deductions are made automatically. The punched cards are also the basis for future studies of employment experience.

Your nearest IBM representative will be glad to give you detailed information. Get in touch with him, or write direct to IBM headquarters today.

Investigate these

- SPEED. Automatic machine action produces detailed reports in minimum time.
- ACCURACY. Facts punched in cards are not subject to change or error.
- FLEXIBILITY. A single set of punched cards will provide a wide variety of reports and statistical records.
- PERMANENCE. Punched cards are a constantly available record, ready to yield information at any time.

INTERNATIONAL BUSINESS MACHINES CORPORATION

GENERAL OFFICES 270 BROADWAY, NEW YORK, N. Y. BRANCH OFFICES IN
PRINCIPAL CITIES OF THE WORLD

enable the country to work out effective methods on a life-size scale, but not so much public ownership that we shall be swamped with inefficiency before we learn how to make it effective and economical.

Duplication of facilities should be avoided. If a community undertakes public ownership the existing private properties should be taken over at a fair price. . . . There should be effort to avoid arbitrary disruption of existing efficient The loyal and efficient emsystems. . . . The loyal and efficient employees of the private system, except those in policy-forming positions, also should be taken over.

In reporting on public ownership in "yardstick" undertakings, public statements should be fair and representative. There should be no hidden subsidies, either of money or services.

As Dr. Morgan sees it, neither "liberalism" nor "conservatism" is being tried for its life. It is simply a question of doing a difficult job in the best way.

Praise from a Critic

ENLIGHTENED and reasoned as Dr. Morgan's consideration must seem to all

but the die-hard partisans of public ownership, common sense will be hard put to carry the day. Baiting and badgering of business are traditional activities in these states, a disturbing fact which Dr. Morgan recognizes with this admonition:

It is not wise so to center attention upon utility abuses as to fail to see the great achievements of the electric power industry in America. There has been an intelligent aggressiveness in technical development and activity in the integration of the industry which has brought about a high level of convenience and service. There should be honest recognition of that achievement and an effort not to lose the technical and executive ability which has brought it about. It is unfortunate that more of these savings and efficiencies have not been passed on to the consumers, but have so often been used to inflate capitalization or to support excessive service charges.

Deserved as the praise can be shown to be, popular understanding of its basis is continually flawed with the mischievous meddling which takes its ground from the belief that "no compromise" is desirable even at the price of "no progress."

Reorganization in a New Dress

REORGANIZA-TION of the executive branch of the federal Government

is a standing interest of the National Chamber, as President Sibley made a point of saying in a public statement with regard to the President's proposals toward simplification of functions. Repeatedly the membership has disclosed its will for all possible economy in operating the public establishments. It has taken occasion to point out that confusion, waste of the taxpayers' money,

and impairment of efficiency in performance of functions are logical consequences of the plurality of new agencies -many of them free of any central control-which have been superimposed upon an already elaborate base of departments, commissions, and bureaus. Timeliness provides its own eloquent accent on the Chamber's admonition.

Entire administrative branches of the government should be thoroughly examined with a view to general reorganization designed to coordinate agencies and functions, eliminate unnecessary and wasteful duplications, and place all expenditures of all spending units under active central control.

Whether the current ideas of government reorganization will amount to a recasting along lines recommended by the President's Committee on Administrative Management is a matter still open to debate. Evident in its own right is the bigness of the job dimensioned by the proposals themselves. Only by regarding the many aspects of the socalled "five point program" can the magnitude of the whole be envisaged. Unscrambling on paper the functions of regulatory commissions, some of which now operate as judge, jury and prosecutor, is a test of patience and ingenuity. as every president who ever tackled the job of simplification learned to his enduring dismay. How much more trying any realistic revision would be, the academic gesture can only suggest.

Citizen, Meet

New Orleans THIS BLIYING POWER. D BY THE BUSINESS OF NEW ORLEANS. IS CREATED BY INDUSTRIES CONVENTION RETAILERS MORKLIETURE % PORT MADLESALERS Added 128000000000 10000000000 50000000000 133000,000000 40000000000 LET'S INCREASE THIS BUYING POWER - ASK YOURSELF Assist the Association of Commerce?

WHEN a difficult civic problem arises, the average citizen's standard question is, "What is the chamber of commerce going to do about it?"

The New Orleans Association of Commerce found a way to answer that question. In 12 ground floor windows of the Pere Marquette Building in the business section, it arranged displays showing the city's economic foundation, the varied factors affecting municipal life and the many fields in which the Asso-

LET'S IMPROVE SHIPPING # AGRICULTURE • ASK YOURSELF • WHAT CAN I DO to assist the association of Commence

The window on the left listed the "Seven Pillars of Commerce" on which New Orleans depends. Others, like that above, amplified the story for each "pillar"

ciation works. The building management donated space in its windows, the Association publicity department supplied the material and the display department of New Orleans Public Service, Inc., utility company, designed the exhibit.

Total cost to the Association of Commerce was \$75.

Each window presented a separate phase of the city's life, each demonstrated possibilities of civic development and each urged the citizen: "Ask Yourself. What can I do?"

Are Rents Too High?

By SIDNEY D. COHEN

I have been asked that question so frequently in recent months that I have begun to wonder if the public has not become real-estate-minded to a greater degree than heretofore. Never has greater interest been shown in the general condition of the realty market.

I believe this is due in a great measure to the marked improvement in the commercial property leasing field. When I specify "commercial," I refer particularly to those districts of all the larger cities, which may be termed 100 per cent retail because of the type and financial stability of the tenants.

In the years 1933-34 the paramount problem confronting the owners of this type of property, as well as brokers specializing in chain store leasing, was that of maintaining tenancies with responsible merchants. Because of conditions, the chains were not interested in expanding. They faced the necessity of conserving assets and of adjusting leases signed in the pre-depression period.

Regardless of the desirability of such property, many owners were grateful if they succeeded in leasing it at a rental based on a percentage of business

Today the situation has been completely reversed and I am somewhat skeptical of the outcome. The value of a retail business property can only be ascertained by the rental which a progressive and substantial tenant can afford to pay, and such a tenant can only arrive at this figure by a fair estimate of the gross volume of business obtainable. In my opinion, the improvement has been too rapid-the contrast too marked. There appears to be a possibility of another boom period advancing to engulf the usual victims. The signs point to an unjustified inflation in real estate values.

This, of course, does not apply to all cities, notably, Washington, D.C., where larger government clerical forces have meant increased buying power.

Similar conditions in a few other cities justify the increase in rents.

As a contrast, however, there is a certain city in the Mid-west where no unusual activity justifies a higher rental on store property. In 1934, four locations were available in the 100 per cent shopping district at the same time. The owners asked a rea-

sonable rental and, after a lapse of time, these stores were rented to chain store organizations.

In one case, however, a lease was negotiated on a straight percentage basis, with no minimum guarantee.

At present it is practically impossible to find a location in this same area even if a substantial increase in rental were offered, but in spite of this condition, several of the tenants are not operating at a profit. However, they still are unwilling to dispose of their leases and seem to be marking time, hoping that better business conditions will increase sales volume. On the other hand, other chains in the same line feel that if they could acquire the same locations they could operate profitably. This same condition obtains in a number of other cities.

A lease recently negotiated in a certain southern city, having a population of somewhat more than 80,000, calls for a rental equal to that paid for a storeroom of practically the same size in a city having a population of 800,000. I believe this action was due to the fact that several companies wished to obtain the location and the owner took advantage of this competitive bidding.

As it applies to all commodities, the theory of supply and demand plays an important part in appraising commercial real estate. Judging from a personal survey, and from information acquired from reliable sources, it appears to me that rental values are already higher than increased retail sales volumes warrant.

In one particular city of approximately 200,000, the owner of a choice parcel of real estate is asking a rental based on \$1,000 a front foot. During the very peak of prosperity, the properties in this specific area did not produce a rental on this scale.

If this condition prevails, it must finally result in an adjustment period which will be detrimental to business and injurious to all parties concerned.

It would, therefore, seem sensible for owners to consider future rental obligations as they affect the prospective tenant, and for the tenant to consider the burdensome, and in many instances, unfair real estate taxes and carrying charges which the landlord must pay. Only by this cooperative procedure can leases be negotiated resulting in the consummation of an equitable contract.



long freight trains at from 65 to 70 miles an hour! . . . powerful, sleek, smooth-running locomotives . . . enormous store-houses of energy that draw thousands of tons of freight over mountains and across valleys, maintaining exacting schedules.

These giants of the rails . . . one of the elements of Precision Transportation . . . among the fastest, most powerful freight locomotives ever built, were designed and constructed in the Norfolk and Western's own shops that merchandise freight might be moved between the Midwest and the Virginias and Carolinas and between the North and the South on schedules comparable to those maintained by passenger trains.



These locomotives are roller-bearinged. They are 120 feet, $7\frac{1}{2}$ inches long, weighing approximately a million pounds. The firebox alone is as large as a small bedroom and the driving wheels are higher than the average man.



William B. Warner

Leaders in the March of Business



Vincent Bendix (right) talking to manufacturers



James C. Penney

UNDERWOOD & UNDERWOOD

WILLIAM B. WARNER, head of the McCall Company (publishers) and new president, National Association of Manufacturers. His organization recently went on record as "unequivocally opposed to child labor in manufacturing."

James C. Penney, who heads organization of 1,496 stores, established \$300,000 foundation for improvement of Guernsey cattle. Purpose—to prevent dispersal of herds when wealthy breeder-owners die. Believed to be first endowed herd in world.

Two air lines and a military service have contracted for \$1,000,000 worth of new radio "homing" compass made by Vincent Bendix. He says instrument will give pilots their bearing where all other such devices have failed.

Mrs. Mary G. Roebling, new president of one of New Jersey's largest banks, the Trenton Trust Company. In her early thirties, one of youngest bank presidents in nation. Plays tennis and golf. Uses no make-up except touch of lip rouge.

David E. Moeser, general manager of Conrad & Co., Boston, elected to a second term as president of the National Retail Dry Goods Association at New York meeting. A platform proposing voluntary regulation along NRA lines was sent to resolutions committee for report back in 90 days.



Mary G. Roebling



David E. Moeser

STOCHAPH BY BACHHACH

Mr. Organizer vs. Mr. Employer

(Continued from page 33)

and understanding them. Nevertheless, I am convinced that, actually, this huge problem becomes comparatively simple once the employer makes a genuine effort to follow those four rules of selling. If he will do so, he will agree with me, first, that the biggest factor in determining the contest's final outcome is not the leader but, instead, the typical, rank-andfile, 60 per cent employee—the one who constitutes the group outside both the 20 per cent rabidly pro-union and the other 20 per cent actively pro-company—the pro-job group without whose continued, voluntary dues the leader cannot successfully carry on.

Second, that the desires animating

this 60 per cent pro-job balance-of-power group represent, not the fundamental demands of a class, as the leaders so constantly stress, but the comparatively small grievances of this, that and the other individual; grievances which involve, along with various adjustments of wages, a multitude of other matters minor in nature but seriously affecting the individual's daily job at lathe, bench and assembly line.

The most significant thing that can be said of this customer, this worker, is this:

That what he has on his mind today depends on what he experienced yesterday. What he experienced yesterday, it takes no brilliancy to know, was hard, very hard, times. Naturally enough, the depression's heart-sickening multitude of personal and family strains, stresses, tensions and worries deposited in his mind, as in the minds of all the rest of us, a huge, hard lump of fear. Fear mainly of the loss of a piece of property always valuable but vastly more precious than ever during bad times—the job.

It is hardly too much to say that almost all the recent troubles in the field of employer-employee relations (confusion comes with calling them "Labor" troubles since they are not the troubles of a mass or class but, instead, of individuals) have arisen from this one cause—the worker's fear of the just or unjust loss

of his job at a time when, in the absence of any other work elsewhere, such separation meant all the hopeless, unspeakable mental misery and moral disintegration of joblessness.

It is because of this that more than a few localities have seen the whole field of local employer-employee relations stage nothing less than an about-face the moment local employers finally perceived in this fear the heart of their problem and then eradicated it through properly enforced seniority rules.

"What's the use of paying any longer for some scrappy outsider to protect my hold on the job now that I can walk into my department (or into the Employment Manager's office) and see exactly where I stand on

the list—exactly how many others will have to go before I have to start worrying?"

Few of us, surely, could find the slightest fault with workers who, in the absence of such assurance, consider it a high-grade investment to hire with their membership dues the services of an outside protector. On the whole, the marvel is that the fear born of such universal and such poignant experience has not caused a vastly greater number of workers to purchase (at the usual price of one dollar a month) such a protector's wares.

But today, the outstanding development in this national selling contest is that a large and growing number of the country's wage-earn-

ers are now, thank God, forgetting the experience of depression as they taste afresh the experience of prosperity. As rapidly as this happens, every "customer's" mind begins to cast out its fear and clear a place for hope. This means that the moment his plant's production schedules begin to lose their lean and hungry look, his old depressed absorption in job-security gives way to a revived concern with job-opportunity.

Properly enough, this means further that he loses his former interest in an outside, belligerent protector and begins to desire the services of a more cooperative, inside, adjuster.

Company Aids Families of Striking Workers



MORE than \$50,000 in the form of food-exchange cards was distributed by the Pittsburgh Plate Glass Company to families of its 7,000 striking employees. The cards range in value from \$1.50 to \$15.00, depending upon the size of the families. Above, a Creighton, Pa., woman is shown receiving the card due her because of the strike. Her husband is a glass worker.

Craft and vertical unions

IT IS precisely this difference between fear and hope with its resultant displacement of pugnacious protector by cooperative harmonizer which reveals the outstanding difference between the "sales appeal" of the horizontal or craft union and that of the vertical. Not only in bad times but in good times as well, the older craft organization stands equipped to help its members maintain whatever differential or "spread" in wages, status and recognition—whatever relative standing above the level of the unskilled worker-may be considered the deserved reward of the skilled, responsible worker.

This cohesion and unity the

The old rail



fence was a costly luxury

THE WORLD MOVES
FORWARD WITH STEEL

AS EARLY as 1877 a farm paper said, "The common worm fence takes up a great deal of ground, is hard to keep clean of trash, and consumes much timber in its construction."

The first wire fencing, sold three years before, had already begun to take the back-breaking labor and wasted hours out of fence building. It could be put up with a minimum of effort and time. It helped make possible scientific crop rotation. Farmers could turn their fields from pasture to grain, and back to pasture again, in such a way as to increase their profit both from their land and from their cattle and hogs.

The expanding West bought this new kind of fence by the trainload. In little more than a decade the prairie country was transformed from a wasteland of grass into a rich farming empire.

Today's steel fence gives the farmer longer service at a lesser cost. The laboratories of United States Steel, working with the men in the mills, only last year perfected a new process for galvanizing fence wire which will greatly increase its resistance to rust and lengthen its life. This latest development in good fencing is being introduced under the trade name U-S-S American.





AMERICAN BRIDGE COMPANY - AMERICAN STEEL & WIRE COMPANT - CARADIAN BRIDGE COMPANY, LTD. - CARNEGIE-ILLINOIS STEEL CORPORATION - COLUMBIA STEEL COMPANY - CYCLONE FENCE COMPANY - FEDERAL SRIPBUILDING AND DRY DOCK COMPANY - NATIONAL TUBE COMPANY - OIL WELL SUPPLY COMPANY SCULLY STEEL PRODUCTS COMPANY - TENNESSEE COAL, IRON & BAILBOAD COMPANY UNIVERSAL ATLAS CEMENT COMPANY - United States Street Corporation Subsidiaries

UNITED STATES STEEL

YOUR BRIDE—WHAT HAPPINESS SHE BROUGHT YOU—



AND WHAT UNEXPECTED BILLS!

Did You Pay Them All Without Borrowing?

• Your first adventurous year of married life—how happy it was—and yet, how expensive you found it! How many unforeseen, unplanned expenditures arose! Even if you got through without costly emergencies, like illness, didn't you have to borrow to pay the bills?

It's the same today with many of your employees. Optimistic, hard-working young couples, with sufficient income to marry, get behind in their bills through sheer inexperience in budgeting. Without a cash reserve, they must borrow. Without marketable collateral, they can't borrow at a bank.

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Household Finance provides the money they need, at reasonable rates, without collateral, on a monthly repayment plan requiring only about 10% of current income. Household loans are available to all regularly employed married couples or individuals—in debt through emergencies, "acts of God" or mismanagement.

And equally important, Household's Doctor of Family Finances offers these people a practical budget plan that stops money leaks, and authoritative "Better Buymanship" booklets that show ways to stretch the family dollar as much as 20%.

Thousands Returned to Solvency

By promoting sound, personal financial management as well as providing cash for immediate needs, Household Finance restores thousands of wage earners and salaried workers to solvency every year.

Solvency every year.

Executives gain an entirely new conception of the social value of Household Finance's loan service to their employees after seeing the publications used in promoting home money management among borrowers. We will gladly send you copies. Please use the handy coupon.

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so-called vertical lacks simply because it has no such skill and no such relative status to defend. When, therefore, its service as a job-protector rather than a "spread"-defender is made no longer valuable by the arrival of prosperity, it is hard put to it to find any other unifying issue. To be sure, it can devote itself to upping wages and shortening hours but, especially in these days of good profits and Christmas bonuses, it encounters slight resistance in reaching what the workers themselves regard as a virtual "ceiling," leaving slight further increase to be reasonably expected.

The organizer's desires

IT CAN also agitate for "recognition." But under present legal requirements this represents little more than the difference between a written and an unwritten statement of a procedure already in operation; an issue, furthermore, possessing slight appeal to workers untroubled by unadjusted grievances. Or it can demand of the nation-wide employer that he deal with all his workerleaders in his headquarters office, as lately in the case of the General Motors. But this issue also appeals vastly more to the national leader than to his members, all of whom, of course, are local.

What further selling points can be brought forward for obtaining those indispensable monthly dues? Nothing, obviously, but the closed shop with the check-off. This is, to be sure, the answer to the leader's prayer because it relieves him of that dreadful necessity of continuing his selling activities month after month. It has, however, three serious disadvantages. It arouses the last-ditch opposition of the employer-all the more because the leader is likely to lack the training and character needed for such responsibility. It also alarms the skilled man as he sees control over his beloved differentials pass into the hands of leaders supported by an unskilled majority.

Still further, this particular issue gains slight support from even the unskilled. They know it gives control of their most valuable piece of property, their daily job, to a committee which constantly changes its membership and which is at no time responsible for its action to Government or anyone else. (In a certain factory a group of radical outsiders who used violence to obtain a closed shop refused membership to many long-serviced workers who had taken slight part in the strike, thus throwing them out of jobs which were immediately filled by outside members of the victorious city-wide union.)

What too many employers fail to notice is that these demands must, perforce, follow upon each other's heels because the leader of any union which lacks the cohesion of any nonmaterial or spiritual objective continues to exist only so long as its protection or its net dollar-and-cents gains appear worth their monthly cost to workers who, of course, desire betterment of their daily jobs but who, to the leader's constant dismay, would prefer to get them, if possible, from the employer for nothing rather than through their leader at \$1.00 per.

So it comes about by no mere chance that the watchwords of the verticals are not the "Craft-pride and Standing" or "Orderly Procedure" of the old horizontal organizations but, instead, "Discrimination" (on behalf of the member's security) along with "Recognition," "Central Negotiation" and "Closed Shop" (on behalf of the security of the leader).

The new vertical union can accordingly be considered a hard-times union-an organization held together by little else than the protection of the job. The chief reason, of course, why its outstanding example is the United Mine Workers is that the coal mine job is so irregular, whether in good times or in bad. The same holds true of the other older verticals in the garment, millinery and similar trades. As a matter of fact, nothing is more certain than that the history of even the craft unions in the building industry would be vastly different were it not that the building job's irregularity and insecurity far outweigh all other considerations.

To the thoughtful employer all this reduces the matter of his selling contest down to the simple query:

"Now that my prospective customers in my plant are experiencing good times, is my selling program calculated to deliver better satisfaction for their present desires than they can get from an outsider who, though well equipped to fight for job-security, is vastly less fitted to cooperate for job-opportunity?"

Inasmuch as employers gladly spend weeks and months in setting up, step by step, the strategy of their campaign for selling their customers in the market, it may not be amiss to recommend for "selling" their customers in the plant some such checkup as this:

Looking to Our Inside-Plant "Sales" Program for 1937

- I. As to Fear. Have we done everything possible to allay every employee's fear for the security of his job?
- a. Is his job as regular throughout the year as it can be made? If not, why not?
- b. Have we, through seniority or other-

wise, brought as close as possible to zero the chance that his hold on his daily job may depend on favoritism? If not, why not?

- II. As to Hope. Are we doing everything possible to justify every employee's hope to better himself on his job?
- a. How about Supervisors? Are those who have already bettered themselves by becoming foremen enjoying such measure of success as should make them effective assistant-salesmen in our '37 Campaign?
 - In particular, are our foremen back as close to their 1929 level of remuneration, status and prestige as are the workers under them? (If not, then they have reason to believe that our policy favors the most grease to "the wheel that squeaks the loudest"

 —to believe that belligerent pressure gains more from us than does intelligent cooperation.)
 - 2. Does every one of our supervisors get such complete service from his superiors—also from our maintenance department, paymaster, plant doctor, etc.—as enables him properly to service his men?
 - 3. Are some of our straw-bosses, jobsetters, group leaders or such, properly considered representatives of management by our workers, even though we do not so consider them and hence do not properly train and equip them for this responsibility?
- b. Are those of our employees who have, by their self-improvement, become our skilled craftsmen also enjoying today a "spread" over our unskilled men, properly comparable with the spread they enjoyed in '29 (before Government and the verticals raised the level of our unskilled)? Or are they, too, justified in considering that what we are trying to sell our workers is trademarked with "The Squeaking Wheel"?

Recall that:

- Part of the pleasure of being a skilled man is this "spread" between him and his unskilled fellow-workers
 —with this pleasure dangerously diminished when this spread is lessened by increases given mainly to the unskilled.
- Every hundred of our skilled men represent 100 plant "success stories": their influence and leadership over the others probably outweighs that of any 400 of our unskilled.
- c. How about worker promotions? Has every employee eager to better himself a right to feel that we have reduced to absolute minimum the chance that his promotion may be blocked through favoritism?
 - 1. Do our records show every employee's educational and other training and equipment in such detail as enables us to seek among our own men the qualities needed for any new and better jobs before looking outside? If not, should we (a) ask all to send in a statement of such equipment or (b) establish a rating-system?
 - 2. Do our foremen oppose the promotion of their best workers because such promotion increases their departmental costs more than does the promotion of the less efficient? If so, could we not overcome this by setting up a "Beginners' Education Fund" and urge its use upon foremen for offsetting costs of such promotions?
 - 3. Is every worker justified in believing that we never hire an outsider for any job before we have offered it to

"Even this job is Safe...



'Not-Over-50' Club!"

"Up here it's almost impossible to forget the danger long enough to make any mistakes," writes J. W. McPherson, Golden Gate Bridge steel worker.

"Drivin' a car's different. It's easy to forget it. Then there's trouble. That's why I joined the 'NOT-OVER-50' Club."

A little red "NOT-OVER-50" Club

arrow on your speedometer can keep you out of danger, too. You also get a rear window sticker and a membership card, all free when you join.

Car Insurance at Cost

With 67% of all auto deaths occurring on the open road, you can see what a sound, safety measure the "NOT-OVER-50" Club is.

Organized by Lumbermens to reduce accidents, it has also helped keep the cost of Lumbermens car insurance low.

Lumbermens rigid policy of insuring only careful drivers and the economical operation of the company also account

> for the large cash dividends paid to policyholders. When you insure with Lumbermens, you insure your car at cost.

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> safe driving creed can be obtained from
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> or will be sent free. No obligation.



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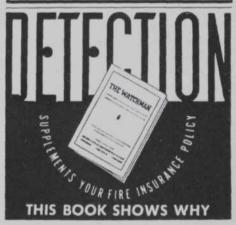
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gives adequate illumination . . . its scientific design assures you both the quantity and quality of light so essential to ease in seeing.

Your eyes are rarely at rest during the hours of wakefulness . . . from twelve to eighteen hours each day they are constantly looking at different objects—small—large—distant—near. Like any other muscular activity, this constant focusing action requires the expenditure of energy. But, as good light makes seeing easier, adequate illumination will reduce this energy loss as well as guard against eye strain and fatigue.

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YOUR fire insurance policy shows the "burntup" value of your business. THIS little book "The Watchman" tells why

THIS little book "The Watchman" tells why this situation need not occur. It shows how to handle and route watchmen to provide maximum protection from fire. It summarizes the proved practice that has made watchmen properly checked by watchmen's supervisory systems the advance guard of fire detection that precedes all other elements of protection from fire.

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80 Varick St., New York Room 500, 115 Marietta St., Atlanta every man already with us who is properly qualified?

III. What about Pride? Have we done all possible to justify every worker's pride in his job—in his membership in our company as an institution, an orchestra rendering a worth-while contribution to the life of America? (Does he answer gladly the question, "Where you workin' now, Jim?") Do all our tools and machines indicate by their condition and upkeep that we get as much kick out of having them "do their stuff" as he does?

The fact that some employers have long operated some such program accounts for the bewilderment of those academic observers who cannot understand why so many of the country's workers refuse to buy what the outside leader is so eager to sell them. These "prospects" have learned from their own experience that while this outsider may, to be sure, give them, in many cases, better protection for holding on in bad times than can their employer, he cannot, especially if he is a vertical leader, give them anything like as helpful assistance for getting on in good times.

These same workers, furthermore, have learned that exactly the same holds true as between their private employer and their government.

Exactly this is why this "selling campaign" is different in America than in Europe. Over there, the daily possibility of opportunity is insignificant in comparison with the daily problem of security.

As long as both these problems and possibilities are maintained here, the selling contest is certain to continue.

Partly because our public is not yet willing to see it ended and the complete control of the workers given over to either one of the private competitors-the employer or the organizer-or to the government. None of the three has as yet convinced us that it can be trusted not to abuse such complete control. Partly also because the workers themselves are as yet unwilling to sell their chances at cooperative opportunity with their employer for belligerent security with the leader. Indeed, it is hardly too much to say that, if federal law should shortly proceed to terminate the competition, these workers would themselves be the first to make it as inoperative as was prohibition.

Plainly enough, the employer's ability to deliver a gratifying measure of opportunity depends upon the ability of industry to progress and expand. That, in turn, depends upon the attitude of the public. This attitude the depression made so hopeless that for a while we were all willing to exchange even liberty itself for a modicum of security—and such security we thought could best be provided by government. But there is little doubt that reviving prosperity will bring back reliance in ourselves.

They do not know their workers who assume that such hope is the monopoly of wide-margined, white-collared citizens in this Land of Getting On. That this is not true of those millions who are their "prospects" in the present selling contest constitutes the opportunity of the employer.



"Look here, this thing has got to stop some place!"

Questions That Bother Business

(Continued from page 68) sources. At present the law is so complex that definite findings from the courts are needed before reliable information can be given as to what can and cannot be done.

Social Security Act: Thirty-six states had enacted unemployment benefit laws conforming to the standards prescribed by the Act, before the deadline was passed Dec. 31, 1936. Employers in other states will have to pay their one per cent pay roll tax this year, but the state will receive none of it back for unemployment benefits. This tax should not be confused with the present one per cent tax on both employer and employee for old age benefits, which will be raised to three per cent on both.

Secretaries seemed to be particularly concerned with the question of exemptions on certain classes of gainful workers under the Old Age Benefits provisions. The Income Tax Bureau has held employees of non-profitmaking commercial organizations to be non-exempt. While the Act exempts educational institutions not operated for profit, the Bureau has expressly ruled that:

An organization formed, or availed of, to disseminate controversial or partisan propaganda or which, by any substantial part of its activities, attempts to influence legislation is not an educational organization within the meaning of the Act.

Domestic, agricultural and casual workers are exempt because of the great difficulty involved in trying to draw up a plan that could be made to work-for example, how could an iron clad regulation be made that would compel farmers or housewives to turn in an accurate record of the earnings made by every one who performed odd jobs for them? Sailors, too, are excluded because of the difficulty in keeping a record of their movements. Governmental and railroad workers are excluded because retirement provisions have been set up for them under separate Acts. National bank employees are exempted because of an old interpretation that they are working under governmental direction.

Secretaries report that employers are more interested than ever in setting up their own retirement systems, despite the federal Government's Social Security Act which many regard as far from satisfactory, and local chambers of commerce should be prepared to give all the help and suggestions possible in formulating private pension plans.

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PLYMOUTH announces a line of big, sturdy, commercial models...now on display in Chrysler, De Soto and Dodge showrooms.

The great Plymouth engineering features are utilized to give the economy, reliability and long life—in commercial hauling—that have made Plymouth passenger cars famous!

There is a great new six-cylinder truck engine...with the power of highest compression (6.7 to 1) using ordinary gas...full-length water-jackets with directional circulation...valve seat inserts...four rings per piston... and a big 10" clutch.

Cabs and bodies are ALL STEEL... brakes are genuine DOUBLE-AC-TION Hydraulic...Hypoid rear axle ...big 6" truck frame...truck construction from the ground up!

EASY TO BUY! Plymouth Commercial cars are priced with the lowest. Low first payments and easy monthly terms offered by the Commercial Credit Company. PLYMOUTH DIVISION OF CHRYSLER CORPORATION.



 No longer do office walls and ceilings need to suggest the cold comfort of a prison cell. No longer do they need to act as reflecting surfaces for distracting noise. NU-WOOD, applied to office walls and ceilings, brings warm, glowing beauty-plus the quiet that every modern office should have.

Applying Nu-Wood, either in existing buildings or in new construction, is as simple as A-B-C. Yet Nu-Wood is a permanent interior finish-sturdy and lasting. You can have a Nu-Wood decorative scheme to suit your personal taste-for Nu-Wood comes in a variety of colors and forms. And remember, Nu-Wood is amazingly low in price.

Use Nu-Wood for old or new offices-reception rooms-corridors -partitions. Use it in air-conditioned buildings, where its high insulating efficiency saves substantial sums. Mail the coupon for complete information about Nu-Wood.

NU:WOOD the infulating interior finish



WOOD CONVERSION COMPANY Room 144 First National Bank Bidg. St. Paul, Minnesota Gentlemen: I want to know more about Nu-Wood for New Construction Remodeling

After You Make Your Return

(Continued from page 38)

contend, and setting fresh minds on books is held to be, in itself, a safeguard.

The Washington organization numbers about 2,000, including the administrative officials, the supporting staffs and the clerks.

At the head of the Unit is Charles T. Russell, sandy-haired, florid of face, soft-spoken, calm, and still in his early 40's.

He has been in the service 15 years, having started as a resident auditor in Washington, an appointee from his native state of Missouri back in 1922. Since then he has handled almost every job on the list, landing, finally, as revenue agent in charge of the field. In June, 1933, he became Deputy Commissioner of Internal Revenue in charge of the Income Tax Unit. There are other deputies, of course, just as there are numerous vice presidents in a bank, but when Guy T. Helvering, the Commissioner of Internal Revenue, is away, Russell is in charge, as Acting Commissioner.

Mr. Russell says:

The Income Tax Unit is trying constantly to improve the service. We have two immediate objectives-one, the impartial but more rigid enforcement of the law; the other, the speeding up of

From a Business Man's Scratch Pad



examinations. We already have made

satisfactory progress in both. By order of Secretary Morgenthau, 750 additional revenue agents were added to the forces in 1935. These men, 40 or 50 per cent of whom were certified public accountants, and some lawyers as well as accountants, were schooled by our practical field men before being sent out. This has provided a more adequate staff than previously.

The enforcement work also is aided as a result of our success in solving problems which handicapped us in past years. A major problem was involved in the management of cases of apparently bogus stock sales, where market traders attempted sometimes to establish losses which actually had not been incurred. We are assisted also by the requirement that brokers make reports of stock and bond sales, which was not necessary in the past.

The speeding up of field examinations is of great value to the taxpayer as well as the Government. The American income tax system, unlike the British system, requires the taxpayer to compute and disclose his own tax. The greater the delay in checking up on this, the more inclined the taxpayer is to assume that everything is all right, that his figures are correct.

Delay is a hardship

IT IS more or less unfair to swoop down on him two or three years later, when, having assumed that everything was all right, he has reinvested the money, or, in the case of a corporation, has paid it out in dividends.

And, too, early investigation means the records are more readily available and there will be fewer changes in addresses of individuals and in corporate management.

Our program now calls for the start of field examinations on July 1 in the year following the taxable year for which the return is made. This is the beginning of the Government's fiscal year and only three and a half months after the final filing date. It hardly could be sooner than that, because of the time required for the preliminary steps, including accounting for the payments received, the preparation of control records and statistical data, etc.

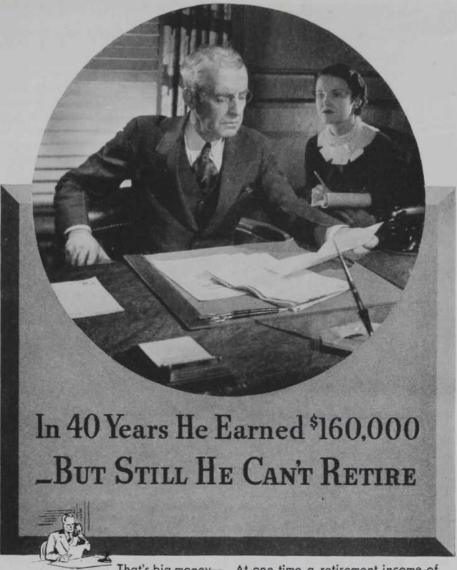
Naturally, then, the program calls for cleaning up this business during the year, so examination of new returns can

begin on the next July 1.

This speeding up of examinations began in 1935. At that time Mr. Morgenthau directed that the field forces complete their audit of returns for the calendar year not later than June 30, 1936. This was done. A total of 129,448 more returns were examined than in the previous year and the increase in the tax deficiencies recommended was \$79,-000,000.

This year some taxpayers may be in for a surprise in that the revenue agent may call prepared to make an examination of a return filed on March 15, even before the second payment is due or made.

Of course the Income Tax Unit has its difficulties. Frequent changes in the law, particularly in the past few years, have necessitated radical revisions, even scrapping, of regulations. This condition is especially true this year, when the Agency has been called on to administer an entirely new and revolutionary tax-



That's big money but some men earn

that much only to spend or lose it all. Suppose this man's salary averaged \$4,000 for 40 years. That's \$160,000 altogether. Yet today he has nothing but his job.

You may not make as much as that, but the principle is the same. The man who earns \$1,500 promises to start saving when he's raised to \$2,000just as the \$5,000 man hopes to do when he gets \$6,000. The years and raises fly by-leaving most men no nearer financial independence at 65 than they were when they started.

At one time a retirement income of \$100 a month might have seemed very little to this man. But if he were only sure of it now-an income for the rest of his life that's not dependent on his business! Even then, he might not care to give up work entirely. But with \$100 a month as a "backlog" he could retire and make a business of his hobbies.

How can you have that \$100 a month? Start a Northwestern Mutual Retirement Plan now-stick to itand when you're 55 or 60 you can count on The Check That Never Fails. Mail coupon for a written proposal.

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When skilled labor lifts, tugs, hauls, or moves parts or materials in manufacturing operations there is waste. Why should any good machine operator spend many hours every week doing disagree-able manual labor that a Louden Handling Unit can reduce to minutes? Answering this riddle with a Louden System has shown amazing savings in hundreds and hundreds of factories in every kind of business.

Facts on such savings with Louden Monorail handling have been packed into the 64-page book shown below. How Louden Monorail saves time, how it puts handling in unused space "on the ceiling," how it coordinates operations, how it brings safety with its spectacular savings is all told in detail.

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Write for this Book

This 64-page book is not a catalog, but a treatise on handling—what to use, when to use it, where to use it. A book of facts more interesting than a novel to profit-minded executives. Write for your copy today.

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Furthermore the Income Tax Unit has its full share of critics-not only those who have clashed with it and, in retaliation, condemn its administrators and staff as high-handed and arbitrary, but some who, fully appreciating its problems, have honest convictions that there are frailties in its procedure and weaknesses in its general attitude toward the taxpayer.

Quicker decisions wanted

AMONG other things, the critics say the Unit frequently takes an unnecessarily long time to adjust disputed cases, that it is willing to engage in seemingly endless discussions, in Washington and in the field, over involved problems such as the depreciation of property. They also insist the delays sometimes could be interpreted only as a policy of wearing down the taxpayer, who, tired of negotiating and not wanting to have a tax lien entered against him, gives up in disgust and pays the assess-

Among lawyers and tax consultants practising before the Unit the speeding up of examination of returns is regarded as a step in the right direction; but they say that this, in itself, is not enough, that examination frequently is merely the starting point, that final determination of the cases really is what counts. The truth of this is recog-

the surtax on undistributed corporate nized, and considerable thought is being directed to the possibility of correcting it and also of achieving other reforms.

> One of these is the question of giving the revenue agents greater authority, so they can settle cases in the field instead of being required to send them back to Washington for review and final approval. To accomplish this, it is said the force should be larger than at present and that the agents should be better qualified and better paid.

> "Politics should be eliminated from top to bottom," an authority on the subject said. "Agents of the highest possible type should be selected and sent to the field with authority to act. One difficulty today is that the force deals in pennies instead of principles, that rule-of-thumb methods are employed rather than plain common sense.

Help for the taxpayer

"BY and large taxpayers are not unreasonable and, in turn, are entitled to reasonable consideration on three essential points:

First, they are entitled to a reasonable interpretation of the law, and not arbitrary interpretations.

Second, they are entitled to a reasonably prompt determination of what they

Third, they are entitled to reasonable finalities, or settlements. If these things are accomplished, then there can be no

What's Coming in April

Consultative Supervision of Labor

By H. H. Carey

Prophesying that future economic survival may depend on the technique of personnel management, this writer proposes a policy designed to be practical as well as democratic.

Is Use Waste?

By George Otis Smith

The former Director of the Geological Survey strips the emotion from the appeals for conservation to determine just how badly it is needed-and where.

Farmers and Guinea Pigs

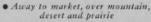
By L. F. Livingston

Warning that agriculture today occupies a position similar to that of a specimen on a laboratory table, this writer urges a return to methods that have met past farm depressions and are ready to try again.



RD.

"Reefers" waiting for their golden load





A Billion Balls of Gold

March, April, early May-the warm interior valleys of California are fragrant with the perfume of orange blossoms . November to May-among the thick, glossy leaves of a million low-branched trees appear deeply golden globes, Nature's germ proof packaging for tiny juice sacks destined to bring joy and health to the tables of America. It is the time of harvest for California's golden flood of winter oranges, the seedless Washington Navel . Later still will come the summer orange, the Valencia, in which California has no competitor • Into sunny groves move the pickers. Gloved, they clip each orange, place it in a canvas sack, gently transfer their burdens to field boxes. There must be no bruise on the golden rinds to start decay • By truck now, to the packing house, to be washed in warm water, dusted under soft brushes; rinsed under a clear, cold shower; air-washed on the way to the graders; automatically weighed, waxed, counted, sized . Dressed in tissue and packed in shipping boxes, the fruit disappears into precooling rooms, storage

rooms, or refrigerator cars—"reefers," to the railroad man • Railroads do not eat oranges. But America could not eat its oranges without railroads. Most of the golden treasure would rot in the groves were it not for their precooling plants to remove the field heat, their thou-

sands of "reefers," regulating transit temperatures, their icing plants, their refrigeration experts at strategic points, their swift freight schedules to the four corners of the land.

● Incredible is our national consumption of citrus fruit. The 1936-1937 California Navel orange crop alone, excellent in volume and quantity, is estimated at 14,469,000 boxes, averaging 200 to the box • And to the shipper of California citrus fruits the Santa Fe is an honored and familiar name. To us, in 1935, he entrusted 816,500 tons of his oranges, grape-fruit, lemons and limes. Toward his distant markets, hundreds or thousands of miles away, 44.1% of all his citrus crops moved via Santa Fe.



... to the consumer, big or little

A Memo to

Business Men Knowing Law

Thousands of men today, who never intend to practice before the bar, are reading law.

They realize that the law-trained man is more likely to be a leader—that law training makes clear, quick, correct thinking—that there is a real reason why legally-trained men head many of America's greatest corporations.

They realize, too, that the whole intricate structure of business is based on law and that the business man who knows law has often a distinct advantage for himself and his firm,

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The basis of LaSalle law training is a fourteenvolume library compiled by leading law professors and lawyers—written specially for this purpose.

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simple manner.

Supplementing this great library, are lectures and personal instruction of the highest grade, all under a definite, clear plan involving continual use of the Problem Method, where you train in law by dealing with actual legal problems—learn by doing the work—not by memorizing rules. The instructors are all members of the base consistency of the province of the pro

of the bar—experienced lawyers—now giving full time to helping other men learn law.

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about your law training, together with a free copy of your new booklet, "Law Training for Leadership."
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☐ Banking and Finance ☐ Business Correspondence ☐ Commercial Law ☐ Business English

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WASHINGTON, D.C. A Point of Convenience

The famous Willard Hotel is best located for business, social pleasures, and sight-seeing. Two blocks from White House, near Treasury, New Commerce Building —all points of interest.



Think—or Pay!

By W. S. JOHNSON

Business Extension Secretary, Harrisburg Chamber of Commerce

WHEN certain types of industry become obsessed with the idea that every small city, town and village is burning with the desire to buy individual plants away from the metropolitan areas, healthy industrial development suffers in all lines.

Either the economic chaos of the past few years has weakened the fiber of management or the blandishments of a few communities have given management the belief that each crossroads sports a million dollar nest egg which is theirs for the asking.

A week in any large city will convince the attentive observer that money talks-no matter how great the disadvantages. Pick out a center where shirts, dresses, pajamas, hats, silks, shoes or other consumer goods products are created and set yourself a schedule of ten calls a day. Maybe you do not have the time—so we will take you on such an excursion.

Here's a likely looking plant—let's see, it's the "Sweet Dream Pantie Company" and Filbert Bodutz is the President. After some few minutes we convince the haughty young woman at the reception desk that we should see Mr. Bodutz. Our presence seems to delight this industrial giant -his face beams as he pumps our hand. Yes, indeed, he knows our town, in fact, he has several good customers there. Great place—fine railroads -nice homes and he has a competitor there who seems to make a swell garment at a ruinous price. In fact, he thinks he would like to have a plant in our city-if, of course, we would give him free rent, free power, free moving, free breaking in of help, free taxes and last but not least, freedom from labor difficulties.

Mr. Bodutz assures us that just last week a representative of a nearby city called on him-offering all of these in addition to free house rentbut he didn't consider the offer because this town had a strike last year and he didn't believe they could back up their labor guarantee. "But-now your town," he said, "that's different."

Not to be daunted in our search for a man who had need for additional facilities and who could and would pay his way, we barged into the executive offices of the "Walk A Long Way Shoe Company." Imagine our joy at finding Mr. Loophole, the amiable president, in his office and ready to see us. He was all set to move out

of town-things were lousy-his competitors were selling shoes for less than the cost of the leather and he knew the only answer was cheaper labor. We beat a hasty retreat when we learned his idea of a fair wage was \$10 to \$12 for skilled help.

A brisk walk cleared our heads of these two cobwebs and we entered the office of Mr. Wizzard, President of the "Tricky Pocketbook Company." Mr. Wizzard admitted that his present location was no place to make pocketbooks and he was sure our town was just the place he wanted.

Varied kinds of help wanted

TO impress us, he escorted us through a well arranged, busy factory and then took us back to the walnutpanelled executive office. Here we learned all Mr. Wizzard wanted was a credit of \$250,000. (Not a gift, mind you.) We moved out as the sheriff moved in.

Interesting, indeed, were our experiences on that and succeeding days. True, they became a bit monotonous, but after all we played a sucker's game and were treated as such. Each case presented a new angle on "How to obtain industry."

One man was looking for a rich father who would buy into his company and move the plant to our town so his son could set up in business. Another suggested that some one might want to build him a new plant at a rental of three per cent gross on cost of land and buildings. A third "Wallingford" had a new idea which he consented to put into a new corporation if our citizens would invest a mere \$1,000,000. The prize of them all was the man who knew of a firm in our town doing a big business and wondered if he could add his \$10,000 plant to their lay-out and become president of the merged company.

Can these men be blamed if they get wild ideas as to what towns will do, so long as they receive alleged "offers" from all over the country?

The temptation to increase pay rolls at the expense of existing business is ever present. It constitutes the one easy way to gain new industries. In most instances the sales psychology back of "inducing" plants to relocate springs from a critical situation in the town which does the inducing. A large plant may have moved or gone bankrupt, the output of another large pay roll producer may have suffered because of change in consumer demand.

When such a condition exists, two solutions present themselves:

1. Pay your way out. 2. Think your way out.

The history of American industrial development indicates that the latter course is the slower, but the surer.

If a business community has reached the point where it believes it should spend its money to "buy" industry, it should be in a position where it is willing to "think" industry. A symposium of any group of industrial secretaries will clearly indicate that the best prospects come from local citizens who have reason to know that a given concern plans to relocate its main works or establish a branch factory. With such information the secretary of the industrial committee is equipped to approach the owners on a business basis and, if his community has the needed advantages, monetary considerations seldom enter the discussion.

The town which takes the first course had better be ready to continue to "Pay." They cannot expect the H Company to move on its own money when A, B, C, D, E, F and G received cash considerations.

Those towns that decide really to "think" their problem through will find, over a period of years, that they have added to their industrial structure as well as stimulated the community mind.

A.B.'s in Sleuthing

SOLDIERS for the war on criminals are going to receive a more thorough preparation before they are sent up to the front lines in Indiana, according to the Police Chiefs' News Letter.

A detective crew with a thorough grounding in the basic elements of psychology, chemistry, physics, sociology, medicine, languages, law, government and military science is planned by the State University and State Police.

The course is a resident four-year college curriculum leading to the Bachelor of Arts degree. After the first two years, the students will concentrate on study of police tactics and administration, criminal investigation, criminal law, and police psychiatry. Satisfactory graduates are to be placed on a preferred list for positions on the State Police Force.

Thirty-two future state policemen are now enrolled as freshmen.



E VEN to look down on the new lobby of the Hotel Pennsylvania in New York is to see an absolute change from old ideas. For here is glamour! Radiating from tawny Spanish marbles...towering colonnades...bowers of flowers...inch-deep carpets of wine hue...gorgeous tapestries...spreading palms...

Nor does modernism drop its palette there. Cocktail lounge, bar, salons, foyers, restaurants, the bedrooms themselves—deftly has glamour touched them all! So much so that to stop at the Pennsylvania is to make each moment as vivid as your first visit to the city itself!

2200 ROOMS...each with private bath.
Rates begin at \$3.50

BENNY GOODMAN and his No.1 Swing Band

First in entertainment as well as innovation! Always the "No.1" orchestras in the gay MAD hattan Room.

HOTEL PENNSYLVANIA

STATLER OPERATED

ACROSS FROM PENNSYLVANIA STATION · NEW YORK



The youngest generation—and the luckiest!

CHILDREN today—your children—are far more fortunate than the generations that have grown up before them. Thanks to the discoveries and improvements in medicine and dentistry and general hygiene—the average child in 1937 has a whole lot better chance for a lifetime of radiant health than you had at the same age.

Among the many advantages your children enjoy, and which you probably did not, is the teaching of gum massage in grade school. Hundreds of thousands of children are drilled daily in this modern, sensible oral hygiene routine.

Don't Neglect "Pink Tooth Brush"

Gum massage is an essential in this age of soft, fibreless foods. Lacking the stimulation of heavy chewing, almost anyone's gums are apt to become tender, touchy. "Pink tooth brush"—the warning signal that gums need immediate attention—is an all-too-common condition. Few are immune to it. You yourself may notice a telltale tinge of "pink" on your tooth brush. If you do, see your dentist. He is the one to decide whether you are faced with serious gum disorders or whether you simply need the stimulation of gum massage with Ipana Tooth Paste.

Ipana, the "gum-massage tooth paste," has enjoyed the confidence of the dental profession for more than 15 years. Get a tube for yourself if you haven't tried it. Brush your teeth with it morning and night and after each brushing massage a little more Ipana into your gums. You'll be rewarded with better oral health... whiter teeth...sounder, healthier gums.

REMEMBER—a good tooth paste, like a good dentist, is never a luxury.



IPANA TOOTH

Warning: Here Comes the Super-Market

(Continued from page 22)

The operating expense was 8.341 per cent and the gross profit 12.01 per cent—a result beyond the possibility of any previous distributor.

For chains and independents, this was no longer a laughing matter! Here was a competitor that neither chains nor independents ever dreamed of. The independents, which for years had nursed a grievance against the chains, now realized that their cause was a common one. Chains were no better able to cope with this newcomer, and for the first time in their history, chains and independents united in a common cause.

Retailers fought the super-market

THE New Jersey grocers through their State Retail Association took up cudgels against Big Bear. Meetings were held. Resolutions were passed condemning super-markets for selling merchandise below wholesaler's costs. Bulletins were flashed to all retailers pointing out that Big Bear was a menace to the future of business and should be nipped in the bud. Special bulletins and requests went out asking all wholesale grocers to refuse to sell Big Bear and other similar markets which might arise. Half a dozen wholesalers were blacklisted for selling the Big Bear. A bill was introduced in the New Jersey legislature to outlaw below cost selling, and the state Senate adopted a resolution on March 6, 1933, to investigate super-markets.

This was not all.

The Associated Grocery Manufacturers of America, besieged by appeals for help from retailers, passed a resolution condemning Big Bear's distribution practices and recommending that grocer manufacturers try to stifle this practice wherever they could legally do so.

Even the press was enlisted in the fight through efforts to get the newspapers to exclude Big Bear's advertising. In fact, by the end of February, 1933, Big Bear's copy could not be found in any newspapers.

All this merely spurred Big Bear's organizers to more vigorous action. Lacking the newspapers, Big Bear made a house to house campaign. The week after the press refused Big Bear's advertising, a four page broadside entitled "Bear Facts" appeared on each doorstep within a ten mile radius of Elizabeth. Big Bear decided to take its case directly to the public!

When the smoke of the battle

cleared away Big Bear was still there, and the customers were still coming. Big Bear had won.

To be exact, the super-market is not a new factor in American distribution but the revival of its oldest factor-the American trading post. Because, if the super-market has any predecessor in the history of American merchandising, it is the old trading post, now translated into modern proportions. Apparently, in spite of airplanes, stream-lined autos and trains, the trading post and the village store are still part of the American buying consciousness. The bargain instinct and the yearning for social conviviality which cast a glamour over the visits to these marts of a horse and buggy age, have not changed. In any case, the supermarket, to a startling degree, is nothing but the country store, grown to Gargantuan proportions. It crept upon the American industrial scene unawares, against every modern salesprognostication, and despite all distribution theories of the past generation. But there seems to be no doubt that it is here to stay. Even more, it may inevitably force a reorganization of present American retail prac-

A modern "trading post"

TO remark the real parallel between the super-market and the old trading post and village store, one must revisualize these latter centers of retail trade and social exchange. The trading post squatted in the center of a comparatively populated area—it was the point of attraction of an entire community. It made no effort to be enticing or to lure trade or visitors. Its very presence in a neighborhood was presumed to be a blessing unto itself. The village store was fully conscious of its own attractions, and its goods were there for customers to take or leave. Service and delivery were unheard of; fitting rooms or even mirrors were luxuries beyond realization-a woman bought a hat as she might buy a ham.

In an unbelievable medley, was piled up everything a purchaser of those days could desire—calicos, bustles, horehound candies, cans of lard, harnesses. From the ceilings hung frying pans, trousers, farm implements, mouse traps. Nevertheless, it was an emporium of wonder—men, women and children for miles around looked forward with pleasure to a visit to its chaotic cheer. Whole

families piled into the buckboard or family buggy. Lunches were carried aboard-and off went the whole clan. the amazing distance at times of ten or 15 miles on the most exciting of possible experiences. In front of the trading post or village store was the long hitching post where horses nibbled at their oat bags, waiting until baskets, sacks, cans, were brought out and piled under the seats for the homeward trip.

A holiday attraction

THE super-market smacks of the same homey instinct. A kind of picnic atmosphere pervades its vast interiors. Like the trading post of old, the super-market draws no lines in possible wares. It may feature anything from radios to canned peas; its aisles may be lined with autos, tooth paste, furniture, even wearing apparel. But the very diversity of the products, as with the village counters of old, provides the lure. And when these heaping counters also salve the customer's saving instinct by their values, you have an irresistible combination which appeals to all classes of people.

Like the trading post, the supermarket is the attraction of entire localities; custom is drawn from large radii, and the comfort of free and safe parking is an item in the buyer's psychology. Hence, though the hitching post has given way to the free parking space, and oats have given way to gasoline-the psychology that they express in front of a trade center, is the same; the family has come a-picnicking to the supermarket; it has come to stay a long time, to shop at its ease, to handle its bargains, to sift its values and to

This informal character of the first super-markets in 1930 disarmed competing merchants. Chain stores and independents were sure they knew their public. They had spent many years in educating the American consumer to demand comfort. Display, service, good salesmanship were long since accepted as fetishes in retail selling, and the merchants were sure the American housewife, long trained to the subtleties of modern sales methods, would disown the ugly structure, the lack of service, the chaotic assortment of the supermarket.

The figures reveal how they misjudged the American housewife. In 1935, 94 Super Markets were operating in 24 American cities. Today there are 1500 super-markets in 32 states. They are no longer depression-begotten marts. Their demise is certainly not imminent. In some cases, notably Boston, they have



Erie Buys an Iceberg

· To protect fresh crisp vegetables, ripe juicy fruits and other perishable foods, Erie buys more than nine and a half million pounds of ice a month! Here is a full-size iceberg -purchased to guarantee Mr. and Mrs. Easterner the cream of the crop for their table and Messrs. Shipper, Wholesaler and Retailer more profit from their business.

Long trains of refrigerator cars thunder eastward over Erie tracks on fast schedules. It's always "clear block" for perishables. That's why the Erie carries more western fruits and vegetables to New York and New England markets than any other railroad.

Shippers of other products get the same fast, sure freight handling service. You, too, can save money if you will specify "via Erie" on both outgoing and incoming freight.

> Travel the Scenic Erie . between New York, Binghamton, Elmira, Buffalo, Chautauqua Lake, Youngstown, Cleveland, Akron, Chicago AIR-CONDITIONED TRAINS **EXCELLENT MEALS • FINEST** SERVICE . LOWEST FARES



RAILROAD SYSTEM

PERMANENT EYE APPEAL



Here's the newest in spectacle cases—sleek, smooth, light and compact. No pasted cover to wear loose. Molded of Durez for Bausch & Lomb, it's striking, thoroughly modern.

Like all Durez containers, the sparkling lustre is not an applied finish . . . the surface is Durez itself. It lasts the life of the product, cannot rust, stain or peel.

BEAUTY THAT PAYS DIVIDENDS



Telechron takes advantage of Durez' almost unlimited design possibilities and creates a really distinctive case for their newest direct reading clock. Sleek and modern in design, far smarter in appearance than older clock cases, it's a real sales asset. And the Durez case has other advantages. It's strong, light in weight, self-insulating, will never warp, peel or chip.

DUREZ is a hot-molded plastic, simultaneously formed and finished in steel dies strong...LIGHTER THAN ANY METAL... HEAT-RESISTANT...CHEMICALLY INERT... SELF-INSULATING...WEAR-PROOF FINISH.

Why not let Durez bring these same advantages to your product? For further information and a copy of free monthly "Durez News" write General Plastics, Inc., 153 Walck Road, North Tonawanda, N. Y.

GENERAL PLASTICS'

DUREZ

forced competitors either to adopt their methods and organize supermarkets, or to try to cooperate with them in taking over the concessions of their specialized wares. In other districts they are constituting a definite challenge to all existing sales centers.

Their gross intake goes into amazing figures—\$1,000,000 to \$5,000,000. The census of customers is equally startling—anywhere from 25,000 to 100,000 weekly. Spread over the country, the following figures challenge all pre-conceived notions of retail business:

In Portland, Oregon, 60,000 persons patronize the Portland Public Market weekly. They spend between \$5,000,000 and \$6,000,000 annually for foods and other necessities. In Chicago, Dawson's Trading Post on the outskirts of the city attracts between 40,000 and 50,000 persons each week, who spend approximately \$3,000,000 annually within its four walls —50 per cent of which is for groceries.

They draw many customers

IN southern Ohio, a super-market doing slightly more than \$2,000,000 a year attracts more than 45,000

customers weekly. In Boston, a similar type super-market draws more than 40,000 persons weekly and takes in more than \$2,000,000 annually. In the Albany area, an enterprising wholesaler who had opened a supermarket in 1933 on a small scale now operates six substantial markets which bring in \$2,500,000 in annual sales for dry groceries alone. Another million dollars' worth of dairy products goes to the concessionnaire.

More than 25,000 persons trade weekly in a Providence, R. I., supermarket, spending more than \$1,240,000 annually.

In Long Island City, N. Y., the famous King Kullen's store last November clocked up 92,000 customers in one week.

Last February, two "Big Bear" stores in Columbus, Ohio, celebrating their second anniversary, advertised a two-day sale which would draw as many as 50,000 people the last half of the week. The announcement stated that more than 175 carloads of goods had been unloaded in the store for this sale and that, in the grocery department, an additional 75 carloads of new merchandise were being unpacked.

Out on the Pacific Coast, in the Los Angeles area, where super-mar-

BELLRINGERS



First Million Car Year

FOR the first time in its history, Chrysler Corporation produced a million cars and trucks within one year in 1936. Walter P. Chrysler personally "okayed" the millionth as it came off the Plymouth assembly line in Detroit. The largest

previous annual production of Chrysler-built cars and trucks was 843,599 units for 1935.

Twenty years ago it took the production of 300 automobile companies to make a million cars and trucks in one year.



DITTO Inc.

606 S. Oakley Blvd.

CHICAGO, ILLINOIS

TO . DITTO

kets first appeared about 1927, there are innumerable markets doing from \$100,000 to \$200,000 a month.

Nor is the super-market a phenomenon unique to the food trade. The same principle has been used by S. Klein in his store selling women's clothes on Union Square in New York City. Without sales force, with no proper dressing rooms, no pretensions of display or attraction, Mr. Klein does a business of more than \$20,000,000 annually.

A permanent influence?

SO this entire movement toward the super-market has an aspect of permanence which makes it advisable to consider its subsequent influence upon our social life. It might not be too much to say that the supermarket may definitely shift population centers. It may widen the distances between shopping centers and, in time, it may even eliminate the Main Street pattern of urban life.

Formerly stores sought the most attractive possible locations in the center of town life, but the supermarket, by its very nature, must seek outlying points and thence create its location into a marketing focus.

To the super-market, one community alone is hardly sufficient grist for its mill—it must become a tempting lure to an entire district. Thus, the super-market, from a consuming point of view, is erasing erstwhile community lines,

A new factor in merchandising

IS, THEN, the entire retail set-up of the past doomed to give way to these super-markets? Not at all. Certainly super-markets must be regarded as the great new factor in mass merchandising, but there are still enough consumers in the high-income brackets who want comfort and will pay more to get it. These consumers are in the minority, but there are enough of them to support a rational number of department stores, independents and chains, and other shopping centers which cater to the comfort-lover.

But it is possible that numerous stores catering to those of lower income may be forced to take lessons from the super-market and combine into new Gargantuan centers.

As for the super-market organizer, the agitation he has stirred up in the life of retail America finds him unruffled. He hears himself denounced but he is convinced that he is working with the unarrestable trend of the hour.

He has come in with the great economic tide of America.



DITTO . DITTO

Chamber Opposes Walsh-Healey Act

RESTORATION of competitive bidding on government contracts without restriction on terms of employment, is advocated in a Chamber of Commerce Committee report on the Walsh-Healey Act.

Repeal of the Act because it is impractical is recommended.

An assumption that enterprises maintaining high labor standards cannot obtain government contracts under a system of unrestricted bidding is not supported by facts. Large numbers of industrial enterprises that pay high wages and provide whole-

some working conditions are regularly supplying goods to the Government on contracts obtained through competitive bidding. This they can do because of the higher skill of their workmen, the greater efficiency of their production methods, and the superior quality of their products.

Furthermore, the Labor Department's apparent intent to broaden the scope of the Walsh-Healey Act, as disclosed by regulations, suggests a further centralization in governmental control of hours and wages and, as the NRA experiment demonstrat-

The Cost of Price Fixing

ed, will produce serious obstacles to expansion in production, employment and pay rolls. Such expansion immediately followed the invalidation of codes and this occurred with no general lowering of labor standards.

Maintenance of the competitive system in American industry has produced great advantages to the general consuming public as well as to wage earners. It has facilitated progressive reductions in prices whenever economies in production have been realized. It has made possible ever-widening distribution of prod-



John A. Law, Spartanburg, S. C., chairman

Chamber committee studies effects of price legislation. Left to right, Robert Wilson, M. L. Toulme, M. W. Griggs, Gerard Ungaro

PHOTOS FOR NATION'S BUSINESS BY HARMER



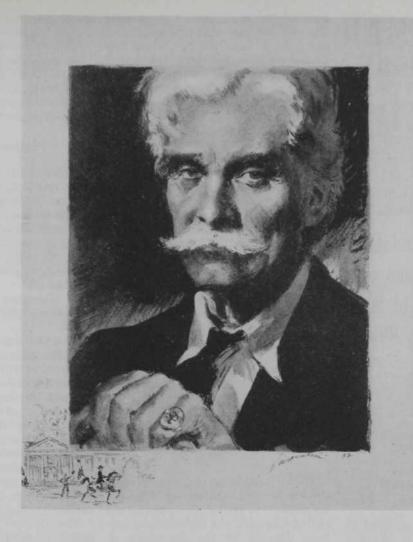
They point out danger of price controls. Left to right, H. C. Faulkner, H. J. Niehaus, C. J. Whipple, Rivers

ADVANTAGE to some sellers, disadvantage to others, unevenness in prices and handicaps to purchasers will follow any legislative restrictions on freedom to quote prices says a report, "Proposed Restrictions on Price-making Methods," by a special committee of the U. S. Chamber of Commerce.

Under present methods of distribution, purchasers far removed from sources of supply are free to buy from more than one source, with accurate knowledge of the cost of goods to them at their destination. Smaller retailers do most of their buying on this basis. Any plan preventing the seller from absorbing part of the transportation costs would frequently compel a purchaser to buy from the nearest source, thus eliminating competition among sellers and restricting buying opportunities.

"The whole tendency," the Committee says, "would be to replace influences promoting stability in operations with influences causing confusion both in operations and prices."

Two proposals, the Wheeler bill and the Patman bill, both before the last Congress, would require the abandonment of pricing methods, used daily by wholesalers and manufacturers, which ensure to purchasers the benefits of competition among sellers and thus reduce price levels.



A GENTLEMAN FROM VIRGINIA

{ He shaved 2000 times with a Schick }

He has used a Schick Shaver for nearly five years—shaving every day and twice on Saturday and Sunday. He has shaved more than 2000 times and his Schick works as well today as the day he bought it.

How could shaving cost less than this?

But cost is nothing compared to the sheer joy of painless, quick and close shaves with the Schick.

Our Virginia gentleman solemnly told us that he would part with any other personal possession—even his ring with the family crest —rather than give up his Schick if he could not buy another.

Why deny yourself this pleasure another single day?

Imagine the comfort of shaving even on the coldest morning with a Schick. No water and soap—no lather to fuss with. No blades

to cut or scrape—nothing but a gentle rubbing with the *flat* shearing plate (which does not move mechanically). The two-way action of the Schick quickly and easily shears every hair below the level of the tiny mounds of the skin—and you cannot possibly cut yourself.

Schick shaves cost less

Look beyond the price of the Schick to this fact. Your shaving will cost less over a period of time. And every day you live and shave

you will enjoy the greatest single comfort a man may have in his personal life.



Do not postpone your decision! Go to one of our dealers and ask him to show you the Schick Shaver. Be sure he is an authorized dealer through whom we guarantee and service Schick Shavers.

SCHICK DRY SHAVER, INC., STAMFORD, CONN. Western Distributor: Edises, Inc., San Francisco.
In Canada, Henry Birks & Sons, Ltd., and other leading stores. (Canadian price, \$16.50.)



IRON FIREMAN

AUTOMATIC COAL HEAT declared finest money can buy



"Iron Fireman dependability and economy has been very definitely proved to me," says J. B. Dean of Mason, Michigan

I RON FIREMAN really has changed the whole picture of automatic heating. Coal is now the preferred fuel—outstandingly more economical—at least equal in cleanliness and convenience—far ahead in quality of heating, in safety and dependability.

Take economy—which is important. J. B. Dean, prominent Ford dealer of Mason, Mich., kept a record of fuel costs for 6 years in his home, using liquid fuel. It averaged \$143.33 a year. With Iron Fireman, fuel cost is now only \$87.14 a year. Saving \$56.19 or 39%.



Mr. Dean's business building and residence

In his business, hand-fired coal cost \$365 a year (9 year average). Iron Fireman fired coal cost \$254.16—a saving of \$110.84 a year or 30%.

Mr. Dean or any of the many thousands of users can and will gladly tell you of the joy and comfort as well as the amazing economy which Iron Fireman has brought them. Take a good look at Iron Fireman heating for your firing job.

New BILLFUIJ abolishes coal handling

The new Iron Fireman Coal Flow feeds coal direct from bin to fire—no hopper to fill—you need never see the coal. Write 3156 W. 106th St., Cleveland, for catalog showing this new model. Iron Fireman Mfg. Co. Factories: Cleveland; Portland, Ore.; Toronto. Dealers everywhere.





ucts at decreased prices. It likewise has enabled the various Government purchasing agencies to obtain the proper value for the taxpayers' money, government purchases generally having been made at price levels hardly obtainable under any other plan yet proposed.

In its purchasing operations, the Government's only legitimate concern is to obtain kinds of goods it needs at reasonable cost. It is entirely appropriate for the Government, through legislation, to prescribe such procedures for its purchases as will assure faithful performance of its contracts with private enterprises. Adequate statutory authority now exists for government agencies to prescribe all necessary specifications as to quality and grade and to require enterprises with which they make contracts to demonstrate their ability to fulfill their contracts. Further restrictions on government purchases, and particularly restrictions that involve attempts at regulation of private enterprises in conducting within the states production of ordinary commodities, would inevitably have consequences detrimental to the public interest.

UNDER authority of the Walsh-Healey Act, a \$15 minimum wage for employees in work clothing plants selling goods to the Government has been decreed by the Secretary of Labor. This is the first "determination" by Miss Perkins establishing a wage scale under terms of the Act.

The significant point is that the Secretary has established a uniform rate in an industry which operates plants in 40 different states—there is no regional differential as the Act provided there might be. The rate established is the union wage scale.

National wage rates

AS POINTED out in Nation's Business last August, Miss Perkins evidently believes that a wage scale should be the same level in every section and intends to apply her belief. At that time she was quoted as saying:

ing:

"I do not believe we shall continue long in this country to find it necessary to discuss difference in working efficiency between the North and South."

The \$15 minimum compares with an NRA code minimum in the same industry of \$13 in the North and \$12 in the South—a 25 per cent increase in the latter region.

One effect of the wage decision may be a further inclination by business men to follow the lead of the copper industry which refused to bid on naval contracts and consequently forced government purchasing agents to make open market purchases not subject to the Act.

The Navy Department, having failed to obtain bids, has also requested Secretary Perkins to exempt contracts for certain kinds of steel.



"Hey, waiter, two more cups of coffee and another table-cloth."

Who Is To Prevent Unfair Practices?

(Continued from page 24) er have developed certain important things.

First: Largely through this cooperation has come a generally accepted notion of the area of unfairness in the industrial world. According to President Roosevelt's declaration, this area covers not more than ten per cent of our industrial life. That is, not more than ten per cent still hold to the idea of 50 years ago that business is business and the public be damned.

Most business is ethical

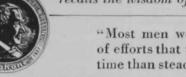
THAT leaves 90 per cent of the business men of this country who are doing their best to conduct their affairs as gentlemen should conduct affairs, who consider the all around obligations which are involved in carrying on an industrial enterprise. We ought not to forget how complicated a thing an industry is. If an industry is to be sound, continuous, progressive, its leaders know they must deal fairly with each of the elements that go into its making, deal fairly with the creative spark which started it, its Fords and Steinmetz and Edisons; with its great organizers, its Garys and its Chryslers; its great financiers, its administrators and managers; with the great mass which we call labor who run the machines which the creative elements behind the machines have produced. Above all, they realize that the life of their industry depends upon the quality of service they give the public, that when they cease to give this service somebody else will come along and take their place and they will die.

It is a heartening thing in all the unfairness to believe on good authority that 90 per cent of men charged with carrying on industry believe in a practical application of the Golden Rule. It clears up the too general accusation that all business is bad. As a matter of fact, any one who studies as an observer the operations of business cannot escape the conclusion that, as a whole, we have in this 90 per cent as high an order of fair dealing as can be found in any one human activity.

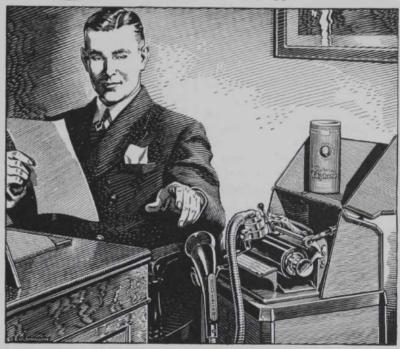
Second: The Trade Associations and the Government Clearing House working together have not only helped define the area of unfair practices in our industrial life but they have worked out an interesting catalogue of just what is unfair and

The Diamond Jubilee of Voice Writing

recalls the wisdom of Thomas A. Edison . . .



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them when she was ready for dictation?

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PAINT

Strange are the ways of color . . .

- Q. Is it the girl or the red dress that makes your heart beat faster? A. The red dress ... and it also increases your blood pressure!
- Q. What color oysters draw the highest prices in France? A. Green.
- Q. Why did white filling stations fail in China? A. In China white is the color of mourning.
- Q. What color sells 10¢ toothbrushes fastest? 25¢ brushes? A. Red. Amber.
- Q. What happened when guinea pigs were kept under like conditions but in different colored pens? A. Color affected their growth.
- Q. What has color to do with sound? A. Soft colors make a room seem quieter.
- Q. What color is red to a red-blind person? A. Weak green.
- Q. How can color help sell eggs? A. by contrast. Blue-lined containers for white eggs. White-lined for brown eggs.
- Q. What colors can pacify a penguin? A. Dark brown and blue.
- Q. Why are colors now used in hospitals? A. Color has an emotional curative value. Warm colors cheer. Cool colors calm.
- Q. When does a baby begin to notice color? A. During the latter part of its sixth month.
- Q. What is the most highly visible color combination? A. Black on a yellow background.
- Q. What color should the handles of flatirons have to sell in South America? A. A shade of red.
- Q. What is the most universal color? A. Blue . . . which is also the most depressing.
- Q. What color reflects the most light? A. White - the color of S-W Save-Lite, the plant conditioning paint. Reflects as high as 90% of the light striking it.
- O. What color reflects the least light? A. Black - as low as 2%.
- Q. What colors can cats see? A. None. They are totally color blind.
- Q. How may certain nervous diseases be treated? A. With colored baths.

Some of these questions are of passing interest to you. Some are of vital importance, as are a thousand others not listed here. If your questions have to do with color in relation to your product, package, plant, machines, or transportation unitscall upon the new Sherwin-Williams "Industrial and Transportation Color Service' for the answers. Write The Sherwin-Williams Company, Cleveland, Ohio.

SHERWIN-WILLIAMS PAINTS



porations have accepted in conference this decision.

An interesting and useful book on "Business in the Public Interest" by Benjamin A. Javitts, published some time ago, listed the practices that had been outlawed by this cooperation between the two agencies since 1926. It is good to have this list to work on; it is as useful as defining the area of malpractice and being familiar with the machinery to prevent it.

Take a dozen or so samples of practices which 90 per cent of the industries concerned and the Commerce Clearing House have agreed should be prohibited. They include misrepresentation as to the choice, quality, waste, quantity, price of product; giving misleading information in regard to a competitor or his product or his prices; wilful interference with contracts which competitors may have made; the imitation of trade-marks, trade names, style piracy. They include using false

scores of our great industrial cor- documents to obtain the advance of money or credit; selling below cost as a means of competition; the giving of secret rebates, the lowering of the quality of a product; the holding of legal proceedings against a competitor. They include false advertising, discrimination, direct or indirect, in prices between buyers of the same class, same grade and quality of goods.

All forms of commercial bribery are forbidden as is any failure to adhere to government or other stand-

Few seek to break the rules

I MIGHT go on. Of course, the wicked ten per cent delights in finding ways around these general proscriptions. But the point is that here we have settled between the great national associations of scores of industries and a Federal Commerce Bureau a long list of things which cannot be done.

Third: This means, I think, a most

BELLRINGERS



Tulip Time in the United States

T IS estimated that between 80,-000,000 and 90,000,000 flower bulbs were shipped from Holland to the United States in the fall and early winter months.

The Black Diamond Line is reported to have doubled the number of its sailings to help meet the heavy demands of shippers.

Tulips, hyacinths, daffodils, crocuses, irises, gladioli made up the bulk of the shipments.

Bulbs will average between 2,000 and 3,000 to a case, with an average value of \$100, although some cases will be valued as high as \$1,000. The bulk of the importation comes to American seed houses.

The total shipment of bulbs from Holland for the entire fiscal year of 1935 was 100,471,000; for 1936 it was 107,347,000. Complete figures for the calendar year of 1936 are not available.

important practical gain, a degree of cooperation at last between industry and the Government. Whatever you may say about regulation, it is not the final way out in getting things done in a democracy. Only by intelligent and patient cooperation are we ever going to control unfairness.

What stands in the way of the complete success of this machinery? My own judgment is that if the NRA, when it came along, had been willing to build on the Commerce Clearing House as far as bad practices are concerned, we would be far ahead of where we are today. I suspected at the time that the excited and imaginative gentlemen who were trying to make us over on the spot knew very little about what had been done-and there is nothing so serious in the progress of a country as taking it for granted that nothing has been done or that everything which has been done must, in the nature of things, be wrong.

Develop cooperation

WE HAD a good piece of machinery which had done good things and on which we should have built. I believe that today industry and Government ought to be insisting that this machinery be developed on a basis of intelligent and fair-minded cooperation. Of course there is a rub which hampers industry: the ten per cent goes to the national conference of butter, eggs and poultry, or whatever it may be, agrees to certain things and the moment the conference is over-while the 90 per cent is congratulating itself over a good decision and is not watching-hurries out and breaks the agreement.

This is the reason that, every now and then, you hear one of the 90 per cent saying:

"What is the use? We hold a meeting, we agree on something, and the first fellow home sends out word to the trade cutting the price."

"So and so comes to the meeting, calls everyone by his first name, and when he gets back, Oh, boy!"

"There is nothing in a code of ethics."

Well, that is one of the things the 90 per cent in human activities has always been up against. Its mistake is that it allows itself to be deluded into the idea that there is nothing in a code of ethics because somebody has broken the rules. As a matter of fact the firmest thing in the business world in the long run is, I insist, the code of ethics.

When I hear one of the 90 say, "I cannot play fair until everybody plays fair," I think of an interview that I had 20 years ago with the late Senator Couzens. I was spending ten



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days or so in the old Ford plant at Detroit. It was the great industrial experiment of the times. That minimum \$5.00 wage had been put in force.

"But why \$5.00?" I asked Mr. Couzens, who was, I believe, the treasurer of the concern at that time.

"Well," he said, "it's a good round number, easy to say and there's a bank note of that denomination. I dared Henry to make it that and the way I happened to do it was this, I was reading a magazine. The editor is a socialist and he was answering a subscriber who had asked him why. if he believed in socialism, he ran his business along capitalistic lines. He answered that he must if he would live; that you couldn't change anything in business and life unless everyone changed, too.

"Now," said Mr. Couzens wrathfully, "that's an asinine answer. That editor ought to know that if you wait to make a change until everybody is ready nothing will ever be done. So I came down and dared Henry to

make it \$5.00."

It is not necessary to know what Mr. Ford said. We know what he did. He evidently never took a dare.

The solution of the troubles of the 90 per cent in getting fair play is to put the rules into practice and then carry on no matter where it leads. No man need fear that, in the long run, the decent thing will harm him or his activities.

Begin fair play at home

WHO is to promote this doctrine of the economic soundness of fair play? Should it not be first of all the care of the local chambers of commerce? What we are in this country depends upon what we are in our unitsmake no mistake about that. A town, even the smallest, sound in its industrial life becomes an impregnable unit in the whole national industrial

It may have its troubles, but that is not the question. A man in his activities and his life is born to trouble as the sparks fly upward. Let us take

that for granted.

But industry cannot do it alone because of the ten per cent of unrighteousness in its ranks. It must have the help of the Government in handling that. The area has been defined—the bad practices tabulated the machinery of cooperation has been established. Intelligent, practical cooperation looking only to the end of controlling the evil, not to satisfying political or industrial ambitions or theories, is the answer to our question. That is, it is Industry and Government, not Industry or Government.

How One Man **Avoided Strikes**

WHO pays the cost of strikes is a question as old as strikes themselves. That they disrupt the plans of industries and individuals is clear enough to those who look beyond the immediate dislocation of employment and production. How one man prevented strikes in his business is told by William J. Devlin, president of the Philadelphia Hardware and Malleable Iron Works, in a letter to Nation's Busi-NESS. Writes Mr. Devlin:

I was with the Thomas Devlin Manufacturing Company for 40 years, and vice president for 20. I had full charge of all the men for 30 years. I never had a strike, often on the verge of one, but was always able to reason with the men, or compromise when I should.

I remember one day I missed my regular train to our Burlington, N. J., plant, and had to catch the next one. When I arrived at the plant I was told by the Assistant-Treasurer that the moulders were all going home and leaving the heat in the furnace. I went out in the yard, and asked the men where they were going. They replied that they were going home. I said, "Boys, I do not think so; you are too honorable and are going back and pour the heat off, and when that is finished you are coming into the office and sit down with me and tell me your grievance. I feel sure we can rec-

They did as I asked, and we had no strike. Had I said, "If you go out the gate I will fire every one of you," I think we would have had a strike.

When I was a young workman I was given orders and told to hurry up about

doing them. I did not like it and resented it. When I had charge of men I always asked them if they would do the work required and never was refused.

I spent an hour and sometimes two hours going among the moulders talking to them. I knew how many children they had, whether their wives were sick or well. In other words, I took an inter-est in their welfare. When they came to see me once a week to settle prices I re-

ceived a pretty square deal.

I was told that the moulders were the hardest men to handle in the foundry business. I found them the easiest. When you get the confidence of the men and they realize you intend to be fair with them, you will have some arguments, but little trouble. Sometimes I would give them a higher price than they asked, and when they wanted too much for a job, all I had to do was to remind them what we had done, and they always made a concession to me, at a price that was fair to them, and that ensured them a good day's pay.

was one of the last to reduce wages, and one of the first to raise them. The men were my best friends, and always

stood back of me.

I have followed a great many strikes, and think they are caused more by the management than by the men. Some strikes are caused by radical men. If the managers would treat the men as they would like to be treated themselves, the men, appreciating such treatment, would cooperate with the management, and there would be few strikes.



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MORRISON

Can We Trade and Avoid War?

(Continued from page 16)
tory. The question is, are not all
modern wars, as distinguished from
wars of the past, wars between governments, and all of the nationals of
those governments, in which every
resource of the country is involved
and primarily utilized for the conduct of war?

Did not every belligerent power in the World War subordinate the privileges, comfort and welfare of all its nationals to the highest support of the armed forces and the conduct of the war? Were not industries and transportation controlled by the belligerent governments primarily for the conduct of war? Did not even our Government exert control over industries and transportation, and even foods, after we entered the war? Did not all of the belligerent powers, including the United States, follow the example of Great Britain, and place

tice, giving no chance to protect the lives of those on board. She went even further, arbitrarily holding as a trespasser any ship entering certain zones on the high seas. This, of course, was contrary to any former concepts of international law, and contrary to all customs. Germany attempted to justify such actions, and undoubtedly sincerely believed that she was justified.

When whole peoples are battling to the death they will probably hold that the natural law of self-defense supersedes every other law.

Life will be protected

MAY anyone safely prophesy that such conditions would not arise in a similar future war? We might be willing to take chances with our ships and cargoes, but certainly we have no right to take chances with the



PHOTO FOR NATION'S BUSINESS BY HANNE

Bernard Baruch, before a congressional committee, discusses effect of rigid wartime export restrictions

substantially all commodities and articles on the contraband list?

Is it not to be expected that governments in any great war of the future will adopt this same policy? Is it not seriously and strongly urged that our Government should draft all its citizens and industries when it becomes involved in war?

Under the old methods of warfare on the seas, the only danger was to the ship and the goods; but methods of warfare on the seas have changed with the creation of new instruments of war. Germany, in the World War, with submarines, sank ships on the high seas without nolives of our citizens who will operate these ships. It may be well enough for our Government to say that it will not be responsible for the lives of citizens in such cases; yet we know from experience that, if many of our citizens were killed and our people believed the killing unjustifiable, such indignation and excitement would be aroused in this country that war would be demanded and that acts of war on our part would be threatened.

All of our citizens undoubtedly desire to avoid these dangers as far as consistent and practical.

It appears, therefore, that it will

Public ted Public ted

SHOULD A MILKMAN BE

A DOCTOR is expected to do his best for all comers, without considering capacity to pay. Taxi-drivers assume responsibility for the safe delivery of their passengers. Merchants and other business men provide most of the money for community chests. How public-spirited should a milkman be?

Public-spirited enough to go beyond the minimum requirements of the health and sanitary regulations. Public-spirited enough to have a sincere interest in his employees' welfare, and pay them a fair American wage. Public-spirited enough to consider the traffic and noise-problems of his community.

By these and other standards, Sealtest membercompanies qualify as "public-spirited milkmen."

They take the responsibility of supplying consumers with the best-quality milk and milk-products at economical prices. They take the responsibility of stabilizing and expanding the producers' market. Through the recent difficult years they maintained an enviable record of high employment. They deliver milk late at night or in the early-morning hours in many large cities, rather than add their vehicles to streets already crowded. They sterilize every milk-bottle for thirty minutes before filling. In a score of ways, they go far beyond ordinary business requirements to serve the public interest.

How public-spirited should a milkman be? Public-spirited enough to realize that the best possible service pays the most lasting profit. That's how public-spirited a milkman should be. That's how public-spirited Sealtest member-companies are.

SEALTEST SYSTEM LABORATORIES, INC., maintains a unified program of dairy research and laboratory-control directed by some of the country's foremost food-scientists. A separate division of National Dairy Products Corporation, it awards the Sealtest Symbol to those foods produced by National Dairy Companies under Sealtest supervision. Found on the nation's leading brands of ice cream, milk and other dairy products, the Sealtest Symbol is the buying-guide of millions of consumers. Make it your guide too.

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be as dangerous in the future to export in our own ships any commodities to a belligerent as it would be to export implements of war.

Other citizens oppose an embargo—except on implements of war—on different grounds. The reason actuating this group was voiced by Senator Carter Glass in the course of the debate on the Neutrality Act, January 17, 1936. He said, referring to the World War:

It was not a war of our making. For three years it was their war. Why should we have shut down our industries? Why should we have refused to the producing farmers of this country the right to sell the products of their farms? And why should we have prevented, if we could have prevented, the banking interests from selling their credit abroad?

And then, returning to the suggestion that we should embargo all articles and materials used in the conduct of war, in addition to arms, ammunitions, and implements of war, the Senator declared:

If we let the United States of America segregate itself in all of its trade relations whenever war should occur, we would literally wreck the economic status of this country.

A number of Senators and, I am informed, a number of Representatives concur in this opinion. A great number of our citizens would undoubtedly support this position.

An embargo may be futile

STILL others contend with much force that raw materials may be so intermixed with the same kind of materials originating in other neutral countries that it would be impossible to follow these materials in the event of transshipment from other neutral countries. Again, such exports from our country may be used by the other neutral countries to aid belligerents. If this is true, then it must appear that an embargo on these raw materials would be futile unless other neutral countries ceased to export them to belligerent countries.

We have the undoubted right to prohibit American ships from transporting to any particular place any commodity or material for the use or benefit of any belligerent. This would not prevent, of course, the purchase of these materials in the United States for transportation anywhere in ships not flying the American flag. In this case the owners of American ships would suffer. In such an event it would seem just that our Government should compensate the shipping interests for the actual net loss. This sum, while it might be large, would be small indeed, as compared to the losses that we might otherwise suffer, both in property and in lives.

It might be wise to grant the Pres-

ident the right to determine what articles, in addition to arms, ammunition, and implements of war, should not be transported by American ships to certain designated ports at certain times. If this policy were adopted, Congress could prescribe such factors as it saw fit to govern the President in making his decisions. American citizens should be prohibited from travelling upon belligerent vessels, except under conditions prescribed in the existing neutrality law.

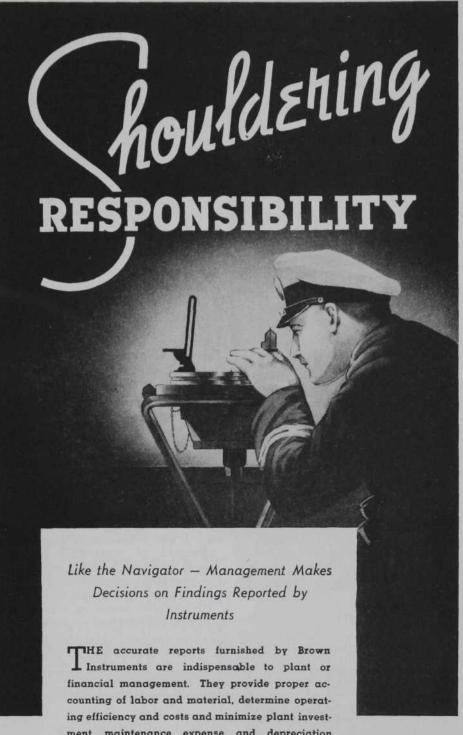
The arming of merchantmen

IF OUR Government should adopt any of these policies, it would seem to be advisable, from our experience with the sinking of ships by submarines in the World War, to prohibit the arming of our merchant ships. If such laws were enacted, the world would have notice that we were not exporting contraband on our ships, that our merchant ships were not armed and that submarines, therefore, could safely conduct search and seizure under the customs governing surface warships. We should seriously consider whether we should treat all armed vessels of belligerents as vessels of war, even though they be designated as merchantmen carrving merchandise.

No act can be entirely mandatory. It can be mandatory after a certain state of facts are found to exist. Some agency must find these facts. Some agency must determine whether war exists and who are the belligerents. This agency might properly be either the President or Congress. I should favor letting such judgment rest in the President. He has the conduct of our foreign affairs. He is in touch with our foreign agencies. He is always in service, while Congress is in session only about half of the time, and immediate action might be necessarv.

It is strongly contended that laws enacted after war has commenced may be prejudicial to some of the belligerents and, therefore, considered unneutral. We can afford to make many sacrifices for peace. We lost many lives in the last war. We are still suffering from its effects.

We made no profits out of that war. Foreign countries borrowed the money in the United States to pay for the goods they bought, and then they borrowed the money from the United States to pay those debts, and they have never paid the United States back. Those who thought they were making profits out of those sales are now paying those profits back to the United States Government through taxation, to pay the Government for the loans it made to the foreign governments.



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Look South, Business Man!

(Continued from page 48) mediately their manufacture of machinery and most industrial goods. They are continuing to build up those manufacturing industries that most countries naturally establish—clothing, food, and beverage lines. It seems to me, however, that for a long time these areas will need a wide range of manufactured goods which the United States can turn out to greater advantage than any other country.

As I saw the cities, farms and ranches with the most modern equipment, factories and offices and warehouses with their efficient machines and appliances, I was constantly visualizing our own country as an exporter of the countless products which these countries need, and are ready and eager to purchase. As I saw the tin and manganese and nitrates, the flaxseed, the wool, the quebracho tanning extract, the coffee, the cacao, the rubber, the bananas and the sugar and all the rest, I was visualizing our own country as one of the great markets to which the staple products of the South and Central American and Caribbean countries move in international trade. But on the other hand, as I saw the grains and meats and cotton and copper and oil, I was conscious of some of the elements of competition between those countries and our own.

At present we export \$175,000,000 worth of goods to South America, and \$280,000,000 worth of our imports

come from the countries in that continent. As development and population there increase, I am confident our trade will keep pace, but our business men, no less than our Government, must bear in mind that other manufacturing countries also appreciate the South American market.

We helped develop business

I WAS impressed by the fact that the United States is only one of several countries prominent in the development of business within South America, but in some lines—mining, oil production, meat packing, the preparation of cotton for market, ocean shipping, air navigation, production and supply of electricity, telegraph services, we stand out. Our long-term investments in South America at the end of 1935 were estimated at about \$3,000,000,000, approximately 23 per cent of our total long-term investments abroad.

I met many representatives of our American exporting companies and found them a remarkably well trained, high-grade group. If you walk into the American Chambers of Commerce in Rio de Janeiro, in São Paulo, in Buenos Aires, in Santiago, Chile—the same is true in Havana, Mexico City, and of course in our own San Juan, Puerto Rico—you will find an upstanding lot of business men.

Abroad, the American business man has numerous occasions to deal



South America boasts fine opera houses, but American movies play fine theaters, too

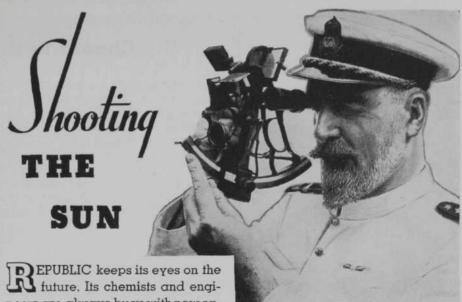
with our government representatives -ambassadors or ministers in some instances, but naturally more often with the career men representing the State Department, the Commerce Department, or the Department of Agriculture. After traveling a good deal in most parts of the world, I want to mention that the impression I brought back from South America regarding our diplomatic secretaries. and the way in which we are served by our consuls, commercial and agricultural attaches there, is encouraging. Our Government has good men there.

The other day I was informed that this year in the schools and colleges of the United States, there are 1,200 students from Latin American countries. In South America, with predominant European ancestry going back to Spain, Portugal, Italy, and other continental countries, it is natural that, for outside cultural contacts, people should look to the Old World. In my trip I was impressed with the fact that, in education and other cultural fields today, however, the interest in the United States is very marked.

A spirit of cooperation

AS FOR the Buenos Aires Peace Conference itself, it brought together no group of suspicious statesmen of Latin descent on the one hand, and of imperially minded Anglo-Saxon representatives of a "Colossus of the North" on the other, but rather, a sympathetic, single-purposed gathering of statesmen seriously and loyally working to a constructive end.

To our mutual advantage in all of our contacts, we in the Americas are getting better acquainted. A few months ago I had the privilege of being one of the party of official guests making the trip by automobile from Laredo, Texas, to Mexico City, upon the occasion of the opening of the fine new highway. This provides one section of the Pan American Highway, an undertaking every further stage of which may be expected to bring better acquaintance between our people and the people in the other American Republics. Improving transportation and communication facilities-our shipping, aviation, telephone and telegraph companies deserve credit-are helping to this better understanding. We may undoubtedly expect a growing and improving news service between this country and the republics to the south of us. Here are, happily, many forces working together to make for greater interest and growing enlightenment everywhere in the United States regarding the progress and welfare of the other American countries.



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For expert help in planning a trip West, see any Southern Pacific representative or write O. P. Bartlett, Dept. NB-3, 310 So. Michigan Avenue, Chicago.

Southern Pacific

The Cheese in the Retail Mousetrap

(Continued from page 64) wages. Other accomplishments have been a more liberal vacation policy, decreased hours of work and improved working conditions in specific

departments. More recently, a request for further general wage increase has been referred to the store's control division for detailed study.

This store has adopted a safeguard to the right of an association member to his job. When management considers an employee's job performance to be unsatisfactory, this fact is explained to the employee in the presence of his supervising executive and of his council representative. He is placed on probation for one month, after which his case is reviewed. As the result of the review, probation is either terminated or continued, or the employee is discharged. To date, 75 per cent of the probation cases have resulted in improved job performance. The remaining 25 per cent have been instances of unfitness for specific kinds of work, a decision reached after deliberation in each case.

As final protection for the jobholder, the association provides an arbitration board of three people; one representative of management, one representative of employees and the third an outsider agreeable to both. As yet the arbitration board has not been called upon to function.

There is nothing peculiar about the retail employee. Like any private citizen, he observes certain rules of

conduct affecting the lives and feelings of his fellow men. He has a standard of honor and fair dealing in his social relationships by which he also measures his business relationships. He recognizes either the presence or absence of human decency in any situation. He asks that he be permitted to maintain dignity and pride of accomplishment. If he senses a threat to any of these fundamental convictions or needs, he is more likely to oppose actively than he is to resist passively.

Retail management which has failed to weave the fabric of its employee relations with threads of simple human relations finds today that it has no social cohesion, that its employees are open to outside influence.

More attention to personnel

THE retail organization of the future will strengthen its employee relations. It will recognize and teach its employees their own privileges and rights as well as those of their management. As a tool to be employed in carrying out its personnel program, management will use either employee association or company union or, instead, will adopt a longtime employee relations policy which will give complete social cohesion to the organization.

To obtain social cohesion, the retailer will find it necessary to re-



"Since Col. Bobbins got defeated for re-election to Congress he hardly knows where he's at. There's nobody 'round here to tell him what to do.'



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But you should act now-before the cost of materials advances furtherwhile there is still time, so that you will be prepared for the first warm days. So, whether you are interested in a year 'round system for your business, or a small unit for your individual office, your living room or bedroom at home, see your local Carrier representative or mail the coupon today.



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Write to: NATION'S BUSINESS, Washington, D.C. establish his personnel department on a more permanent basis. As a minor function and one submerged in times of stress, personnel proved effective only in expanding the enterprise. As a major function, with emphasis equal to that now given other functions of retailing, such as merchandising, control or sales promotion, personnel can provide management with policy and procedure to steer it through the ebb as well as the flow of business. There may be other agents for gaining social cohesion and impregnable employee re-

establish his personnel department lations. If there are, experience has on a more permanent basis. As a not revealed them.

Finally, and thanks to Mr. Littell, many a retailer will continue his present concern for that phase of his employee relations which is particularly vulnerable, employees' exit. Even though his technique here may not always be guided by a sense of human decency it will at least be tempered by the realization that decency pays in cold cash. If this fact also escapes him, he may find himself rather than his mice inside a mousetrap.

His Air Castles Sprouted Wings

(Continued from page 29) aviation had not yet arrived. The peacetime government demand for aircraft was far from sufficient to support the factories and hordes of workers assembled during the war. A small army of picked young men trained as aviators by the Government could not possibly hope to find employment in an industry that had figuratively "holed in" for an indefinite period. Many of them bought airplanes from surplus government stocks and became the barnstorming birdmen who toured the country for the next several years promoting aerial circuses, "hopping" passengers for short flights or doing about anything else they could think of to turn an honest dollar out of an orphan enterprise.

Looking for the boom

DOUGLAS, however, was fortunate enough to retain his position with the Martin organization in Cleveland until 1920. By that time he was convinced a big boom in commercial aviation was in the offing. He also believed that southern California, because of a benign climate, labor conditions and other considerations, was destined to become the proving ground and world center of aircraft development.

So he returned to Los Angeles. But again his ideas were far ahead of the rest of the world. He lacked capital and establishing an aircraft industry without it was impossible. Moreover, he soon became aware that Los Angeles is not the financial center of the nation.

For many unhappy, fruitless and worried weeks, Douglas walked the streets interviewing bankers, business men, anybody with whom he could gain an audience who might have money to invest. But everywhere the answer was the same. No one of financial means had the slightest confidence in the future of avia-

tion. Even the men who had been, or were then, connected with aviation were, for the most part, pessimistic as to its future.

At last, when all his air castles had faded into atmospheric haze and the wolf of poverty was at his door, he accepted an aircraft-building enterprise far less ambitious than the one he had visualized. In his quest for capital, Douglas had become acquainted with David R. Davis, a wealthy Hollywood sportsman who cherished a desire to be the first man to make a non-stop flight across the North American continent. Douglas was certain he could build a plane capable of such a performance and Davis decided to make the attempt.

In the late summer of 1920 construction of Mr. Davis's airplane began in a Los Angeles cabinet shop. Several months later the "Cloudster" was complete. It was a large, singlemotored biplane, designed for enormous carrying capacity and great cruising radius. It embodied many innovations in airplane construction. It was the first airplane to attain material increase in speed by effective streamlining. It was the first 'plane equipped with gasoline dump valves for getting rid of weight and fire hazard in case of a forced landing. Its instrument panel mounted an array of new devices to aid the pilot when flying by night or in thick weather.

During the late autumn of 1920 and the early winter months of 1921, the "Cloudster" was put through a series of preliminary trials. With Davis and Douglas as passengers, the ship was flown by Eric Springer', a veteran of the air who began flying in 1912, and who had been a test pilot with Martin during Douglas's entire association with that company. In these test flights the "Cloudster" performed beyond anything Douglas had promised—better than Davis had anticipated.

¹Eric Springer is still with the Douglas organization—having outlived the majority of test pilots.

In the spring of 1921, in spite of dirty weather, the "Cloudster" took off for New York with Davis aboard and Springer at the controls. In Texas motor trouble forced it down. Although the ship was undamaged by the landing, several days passed before the motor was repaired and the "Cloudster" was flown back to Los Angeles. Davis hoped to make another attempt, but, in the meantime, Lieutenants John Macready and Oakley G. Kelly hopped off from New York in a U. S. Army 'plane and landed in San Diego some 20 hours later. Discouraged by the heavy financial outlay and deprived of his incentive for having built the 'plane, Davis rolled the "Cloudster" into a hangar and advertised it for sale, thereby leaving Douglas about where he'd been before he had gotten the assignment.

By that time Douglas was married and had a family. He dared not long remain idle. So he formed a partnership with Davis with the idea of selling airplanes of the "Cloudster" type to the United States Navy as torpedo carriers.

Shortly thereafter, Douglas appeared at the Navy Department in Washington with a roll of blue prints under his arm, and, to use his own words:

"I rated considerably better than I did when I tried to sell airplanes to the Navy in 1911."

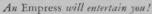
He rated so well, in fact, that he got a contract to build three 'planes for \$120,000.

Returning to Los Angeles, Douglas found himself with a dime in one pocket, a \$120,000 government contract in another and nothing much else. Again he began the hunt for financial backing. Once more he walked the streets but not a dollar could he raise against Uncle Sam's promise to pay \$120,000 for three airplanes yet to be built and accepted.

The problem of finances

ABOUT the time things were looking darkest, Douglas fell in with Bill Henry', a veteran reporter on the Los Angeles Times. Henry was (and still is) an ardent aviation enthusiast, having covered for his paper practically every important aeronautical activity from the days of Roy Knabenshoe, Calbraith Rogers, Lincoln Beachey and Arch Hoxie. After hearing Douglas's story, Henry had a big idea. He thought he might be able to arrange an appointment for Douglas to discuss his subject with Harry Chandler, publisher of the Times. Chandler was also something of an aviation enthusiast and strong for







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Bill Henry is now Sports Editor for the Los Angeles Times.

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the idea that southern California should logically become the center of the nation's aeronautical industries."

The appointment was arranged. Chandler listened to Douglas's story and examined the contract. Then he casually asked:

"Mr. Douglas, how much money do you think you need?"

"I think, sir," Douglas replied, "that I could worry along with about \$15,000 until payments will be due under the terms of the contract."

The publisher was interested but not to the point of writing his check for \$15,000. He meditated a time. Then he said:

"I think your project is reasonably sound. I should like to see it succeed. But I can't see my way clear to back you for the entire amount. I will, however, go along with you to the extent of becoming one of ten financially responsible signers of a note which, if you get the other nine signatures, will enable you to borrow \$15,000 from a local bank. Should your enterprise succeed, as we hope it will, you can easily meet the note. Should it fail, none of us would suffer any very serious loss.'

Seeking financial backers

MUSING that half a loaf is better than none, Douglas obtained a letter from Chandler stating his willingness to become one of the signers of the proposed note. Then he set out to see if he could find the others. From the Times Building he hurried to the office of O. C. Brant, Brant's secretary headed him off with the information that Mr. Brant was busy and could not be interviewed. Douglas asked the secretary if Mr. Brant might take time to read a brief letter. The secretary thought it possible. Thereupon, Douglas handed him Chandler's letter and the secretary departed into Brant's private office. A moment later he returned the letter without a word. Puzzled, Douglas examined the letter to make a pleasing discovery. Upon the letter Brant had written, "Me, too," and signed his name.

With Brant's "Me, too" echoing Chandler's approval, finding the other note signers was scarcely more than the routine of interviewing that number of men of ample means. The note was soon executed.

When the original naval contract was completed in a temporary factory in Santa Monica, the Davis-Douglas Company ceased to exist. It

The concentration of aeronautical industries in southern California has since become a matter of grave concern to the Federal Government, officers of both the Army and Navy having pointed out that a single successful air raid or occupation of this area by an American military enemy would eliminate this essential war industry and seriously jeopardize national defense.—J.A.H.

became The Douglas Company, a \$100,000 concern, in 1921. Other government contracts were received and completed. Then, in 1924, a group of United States Army aviators took off from Clover Field in Santa Monica, flew around the world and returned to the field in front of the Douglas factory. The fame of Douglas aircraft spread round the world.

When a program of reorganization and expansion was carried out in 1928, the more appropriate name, Douglas Aircraft Company (Inc.) was chosen. Its business continued to grow and in December, 1931, The Northrop Corporation, at El Segundo, Cal., became a subsidiary of the Douglas organization.

More commercial planes now

BEFORE 1932 the company's steady growth was based almost exclusively upon the manufacture of airplanes for military purposes. In that year, however, it entered into a contract with Transcontinental and Western Airways for the development of a new model, twin-motored, all-metal, commercial transport (the DC-1). This was the company's first serious attempt to enter the commercial field. From the experimental airplane developed under the TWA contract there evolved the now-famous family of Douglas transports, "flying sleepers" and DC-3 models in use on various air lines all over the earth.

Donald Douglas' dream was realized.

One morning recently I went to the Los Angeles airport and watched about a dozen big Douglas sky liners come gliding in with passengers, mail and express from all corners of the continent. Then I went aboard the "Sky Queen," of Transcontinental and Western Airways and stepped out in Kansas City at 8:15 that evening. I wasn't tired. I wasn't soiled. I didn't feel as if I'd been anywhere. I had merely spent a few hours enjoying incomparable views of Boulder Dam, Mead Lake, the Grand Canyon of Arizona and a lot of other marvelous scenery in eight western states.

I had munched fried chicken and hors d'oeuvres, served by a charming hostess over a range of snowclad mountains in New Mexico, and lunched again during the 42 minutes it took to fly the 235 motor car miles between Wichita and Kansas.

On to New York in another Douglas liner after a day in Kansas City. Two days in New York, then back to California-all in less time than it would take to make a one-way trip across the continent by any other method of travel.

Part of my hurry to get back to

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Let the Burroughs representative show you in your own office and on your own work what these savings can actually mean to you. Telephone the local Burroughs office. Or, if more convenient, write direct for free, illustrated, descriptive booklet.

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19 AMOUNTS

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For example—the first amount (\$25.60) was listed and added by depressing the "2" key, "5" key, "6" key and motor bar—all in one single operation. The cipher printed automatically.

Had each key and the motor bar been depressed separately—and had there been a cipher key to depress—it would have required 91 operations instead of 22 to list and add the 19 amounts shown on the above tape... thus, Burroughs saves 69 operations on this one typical job. The total is obtained in a single operation.

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The cost of advertising in NATION'S BUSINESS is surprisingly low!

California was an appointment with Donald Douglas to talk about my plan to write this article.

"What do you need to know to write it?" asked Douglas.

"Nothing much," I replied, "except to find out what's going on around here now. I haven't been in this plant for a year."

I told him briefly of my trip east aboard Douglas transports and casually asked:

"Did you design the DC's?"

Engineered by 400 men

"NOT entirely," he said. "This isn't a one-man shop any more. I'm only the president and chairman of the board. There are nearly 400 men in the engineering department and the DC-2's, 3's and 4's (the new sleeper 'planes) represent the work of all of them."

"How about having a look around through the factory?" I asked. "I'll leave my cameras out in the car."

"I'm sorry I can't take the time to show you around," Douglas said. "But I'll be glad to give you a pass."

I spent the greater part of an afternoon wandering around the factory. What a different shop it is from the one that built the first airplanes that flew around the world! It's grown like a krautweed—even since 1935.

Gone are the sewing machines, the glue pots and the tack hammersreplaced by the electric torch and compressed-air riveter. The paint shops went out when duralumin sheeting came in.

While there is, as yet, no quantity production of airplanes comparable to the manufacture of automobiles, assembly line methods have become, at least, a partial reality in the Douglas factory. The main factory now provides nearly a million square feet of floor space.

The western portion is a battery of machine shops devoted largely to manufacture of parts.

Moving eastward, the parts become transport cabins, fuselages, wing sections, rudders, elevators. Eventually they take the form of completed airplanes—seaplanes that look like sea-going steamers in dry dock, huge land transports, amphibians and all the various types of military aircraft. At present some 4,000 persons look to the Douglas organization for their pay checks and about 1,500 more are on the pay roll of the Northrop plant.

In a huge new hangar toward the eastern end of the plant I counted 34 transports of the DC-3 type apparently from 50 to 95 per cent complete, part of an order for 165.

One by one these great ships are rolled out onto Clover Field and flown

From nothing in 1921, the Douglas plant grew to 196,000 square feet of floor area in 1931. That year sales were \$3,825,247.49, including, principally, 222 airplanes for the Government, 20 for the Chinese Government and three for commercial purchasers. By the end of the fiscal year, November 30, 1935, improvements more than doubled the size of the plant and sales mounted to \$7,391,896.48. Simultaneously, the sales of the Northrop Corporation were \$1,199,217.18. Figures for 1936 were even larger. Orders for commercial 'planes are now running far ahead of military purchases.

I do not know all the innermost details of his life, but it would appear that Donald Douglas has accomplished about everything normal men strive for. He has figuratively put wings on his air castles and made them fly. In doing so he has won financial rewards sufficient to banish every major economic problem. He is still a comparatively young man. He has his health, his home, his aircraft factory, and a family including two sons now approaching young manhood, a charming daughter of high school age and twin boys born to him and Mrs. Douglas (Charlotte Ogg) in 1931.

A new type is being built

DOUG would never say it himself, but no impartial study of the history of aviation could fail to credit him with many substantial contributions to its progress and development. What we've seen thus far is only the beginning. There is literally "something in the wind" when five great commercial air lines pool \$600,000 with Douglas to build an experimental air liner designed to cruise the semi-stratosphere at 250 miles an hour with 40 passengers, or 30 passengers asleep in their berths at night. This monster is due to take the air in a few more months. It promises to be the first of a vast fleet of such giant aircraft which may eventually be built for the present cost of a railroad car for the shrivelling of world geography. Strength of materials imposes the only physical limitation of the size of aircraft. And, as yet, that limitation has not been remotely approached.

As I was leaving the Douglas plant the other day, the gongs were sounding the signal to knock off work. Men began swarming out of the place. It occurred to me that, if America had a few more men with the vision, courage, enterprise and tenacity of purpose of Donald Douglas, this country would have no unemployment problem.

The Why of Embezzlement

AN EMBEZZLER, when brought to book, seldom has any money left. Ninety-nine times out of one hundred he is "temporarily borrowing" and would indignantly deny that he is a thief.

More commit suicide than abscond and a good percentage come to their employers and confess. These are a few of the conclusions reached by E. Asbury Davis, President of the United States Fidelity and Guaranty Company of Baltimore, who has just made public his study of the histories of 963 men and 38 women embezzlers ranging from warehouse watchmen to presidents. He estimates that \$200,000,000 is embezzled each year.

The employee who goes wrong may simply be a poor business man, or obtain credit unwisely.

The embezzler's background

THE typical embezzler belongs in the white collar class. He is 36 years old, has a wife and two children. He is not psychopathic or of feeble mind, nor does he live in a neighborhood where crime is widespread. His upbringing has been good. He is not the lowest paid person in his employer's organization, nor is he the highest. His friends, and often his wife, imagine that his salary is \$300 a month or more, but it is nearer \$175. He has a high school education. He has a medium priced automobile, last year's model, on which a balance is still owing. His traveling has been confined to occasional week-ends and a two-week vacation in summer. He is a good mixer.

What makes him go wrong? He is often overtaken by domestic troubles which lead him to spend beyond his means. He may have a spendthrift, nagging or invalid wife. He may have ailing children or an ambitious family whose demands cannot be met by his income. His wife may be unfaithful, or he himself may fall victim of an all-consuming infatuation for another woman, which will cause him to spend recklessly.

On the other hand, he often succumbs to an overindulgence in liquor—to gambling or speculation, "dipping into the till" or "kiting" his accounts to satisfy his thirst or recoup his losses. Frequently, an unexpected emergency, created by death, sickness or personal financial loss—he claims as the cause for committing his first but fatal defalcation. He meant to





Every executive interested in reducing plant costs should have this new booklet. Write for Bulletin H-5. Here's a way to get more production out of your present manufacturing facilities. Speed up the flow of materials—keep men and machines busier—cut your cost with new handling methods and new equipment. Through this organization of material handling specialists, you have the answers to problems in every type of plant. Any P&H representative will gladly discuss your requirements without obligation. Ask us to send your copy of the new bulletin devoted to "off-the-floor" handling with P&H Hoists. Address the Harnischfeger Corporation.

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borrow only until the next pay day. One of a series of advertisements designed to benefit all business, now appearing in newspapers in 32 large cities.



With the Speed of Light

BECAUSE Elias Howe could not tell enough people, quickly, about the benefits of his invention, the women of a whole generation were deprived of the sewing machine, and wearily continued their toil with thread and needle.

Today, with the speed of light, the story of new methods and new products is carried to a million homes. The time between invention and utilization is shortened amazingly.

Sometimes we say it with music—as in THE HOUR OF CHARM, which presents, at four o'clock every Monday afternoon, the unusual entertainment of Phil Spitalny's ALL-GIRL SINGING ORCHESTRA. We also tell how electric servants for the home can bring benefits not attainable in any other way.

Increased demand and new and better designs and manufacturing methods have both lowered costs and improved quality. More and better products, selling at lower prices, have been placed within the reach of more people. This means less drudgery in an increasing number of homes—more freedom, a richer chance for life.

G-E research has saved the public from ten to one hundred dollars for every dollar it has earned for General Electric



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EVERY BUSINESS NEEDS A PRIVATE TELEPHONE SYSTEM



For the business executive who is hard-boiled about facts—P-A-X, the private automatic telephone system, carries an instant appeal.

It is an indispensable convenience, yes—but that's only half the story. The vital question is: Will it earn money? And why?

First, P-A-X saves the time, steps and working-energy of employees by providing quick telephone communication between all departments. It eliminates the costly practice of leaving one's desk to carry messages or obtain information.

It conserves the time of executives, as well as permitting more thorough management of plant and office forces.

It supplements your public telephone service—freeing your private exchange operator from hundreds of inside calls—facilitating the handling of outside connections.

In brief, the P-A-X earns money by giving every employee, from president to office boy, the means of producing more in less time with less effort.

Over 2000 business organizations are using P-A-X daily to increase earnings. Write and ask for full details of what it can do for *your* business.

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- Convenient to Use No push buttons; standard dial operation.
- Reduces Public Telephone Expense— Time of your switchboard staff is made available for other duties.
- Simple to Install—Only two wires from each telephone to the P-A-X switchboard.
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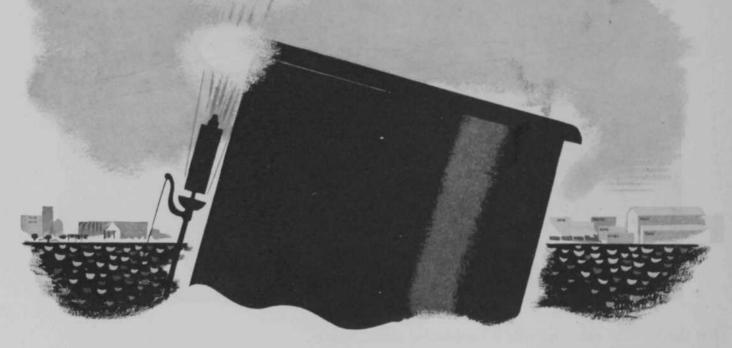
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THREE

SHORT

BLASTS!



ON A windy afternoon in April, 1899, a chunky little tug battered her way through the waves of Lake Michigan.

Although she fussed and chugged with all her sturdy power, she didn't seem to be going anywhere in particular. She just kept beating a zig-zag course two miles offshore from downtown Chicago.

At intervals, her whistle blared a single blast, and, more frequently, a series of three short blasts.

The tug and its blasts were props in an experiment sponsored by the Chicago Tribune.

All the world was agog over Marconi's new means of communication—wireless telegraphy.

Down at the University of Notre Dame, Professor Jerome J. Green had recently succeeded in sending a dot-dash message through the air for two miles.

"We'd like to see you do that—and more if possible—in Chicago," said the Tribune to Professor Green. "For one thing, we'd like to see if it's possible to send a message from shore to a ship—it has never been done in America before. We'll provide the boat, and whatever else you need."

Professor Green came. He set up sending-apparatus atop the coast-guard station at the mouth of the Chicago river. He placed his receiver on the tug; its antenna was a zinc ball fastened to a spar 26 feet high.

A set of signals was arranged between the tug and the coast-guard station: Three short blasts when a message was received; one long blast when the receiver was silent. The experiment was a success.

The Tribune's sensitive attention to progress, and eagerness to do something to speed it along, stem back to its earliest days. In 1849, half a century before the Tribune pioneered in the development of wireless telegraphy, it was the first newspaper in the West to install telegraphic news-service.

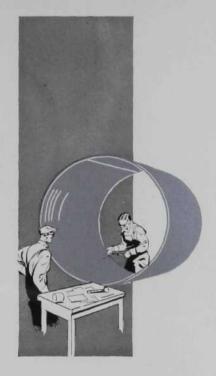
In February, 1908, the Tribune was the first newspaper ever to print a dispatch sent by wireless of a rescue at sea—the saving of 37 of the crew of the burning freighter, "St. Cuthbert."

The Chicago Tribune's interest in progress is constantly reflected in its editorial columns. It is one of the factors which make this newspaper so interesting to its readers—and so profitable to its advertisers.

Chicago Tribune

MORE THAN 800,000 DAILY MORE THAN 1,000,000 SUNDAY

WORLD'S GREATEST NEWSPAPER



* OUR ROLE IN THE

ALUMINUM INDUSTRY

Ours happens to be the only company in the United States engaged in the production of virgin aluminum.

Only in this respect does it differ from the many other companies in this country whose

primary concern is aluminum.



Some of these manufacturers roll aluminum ingot into sheet. Others cast and shape aluminum into thousands of different products. Still others collect, remelt and resell aluminum

which has served its purpose as a part of some product, or which is scrap from the shops of thousands of manufacturers who use aluminum.

This widespread and diverse industry has grown up around the increased use of aluminum, which began in a very small way in 1888 with the efforts of a few young men who founded this business.

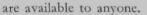
They started out to produce virgin metal at the lowest possible price. All through the years the major effort of all the men and women in this Company has been to increase the sale of aluminum by making it available as widely and as cheaply as possible. Every resource has been devoted to achieving that end.

We are still the only producer of virgin aluminum, but there is no bar to stay anyone who wishes to start making aluminum tomorrow.



Control of aluminum is out of the question when there is no possibility of anyone controlling all the factors involved—the raw materials, the electrical energy, the method of production, the free supply of remelted scrap, the imports from abroad.

Bauxite (the ore of aluminum) is found in many localities in this and other countries. We own only enough for our reasonable requirements. Other raw materials needed for making aluminum, and the necessary large amounts of power





So long as we continue to be the only producer of virgin aluminum in this country, ours is the responsibility of taking the lead so far as

we are able, in research and development which will make aluminum more useful to every person in this country. Only to the degree in which that is accomplished will we and others in the industry prosper.







BRIGHT among the names of those who have brought distinction to Kentucky is the name of the late Colonel E. H. Taylor, Jr.

A leading distiller of his day, it was largely through his ceaseless efforts that bottled in bond standards were established.

He named his product Old Taylor and with pride placed upon the label in his own bold script "E. H. Taylor, Jr. & Sons."

Old Taylor today holds its proud place among great whiskies. That you may know the taste of superb Kentucky bourbon

demand Old Taylor when you order. You will find it as fine a whiskey as can be produced.

OLD TAYLOR
STRAIGHT BOURBON WHISKEY
BOTTLED IN BOND UNDER U. S COVERNMENT SUPERVISION
TOUR SUIDS TO COOD LIQUORS

Stephen Collins Foster caught the gladness and sadness of Kentucky in the song which millions hum when they hear the first strains of "My Old Kentucky Home" – and he too signed his work –

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